How Reading spearheads a move to increase **overseas sales** of anthracite . . . . . p. 44

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June 17, 1963

RAILWAY AGE WEEKLY

IC'S WAYNE A. JOHNSTON ON:

- **Diversification**
- **Manpower Needs**
- **Competition**

p. 13

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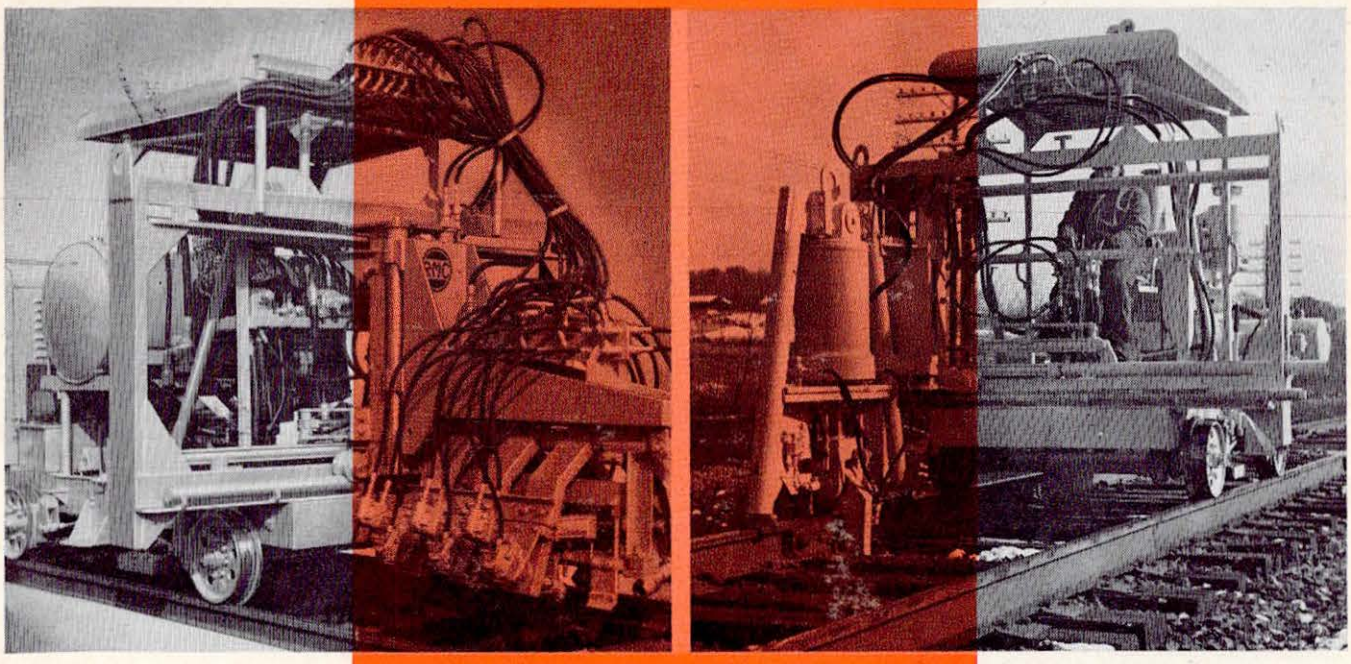

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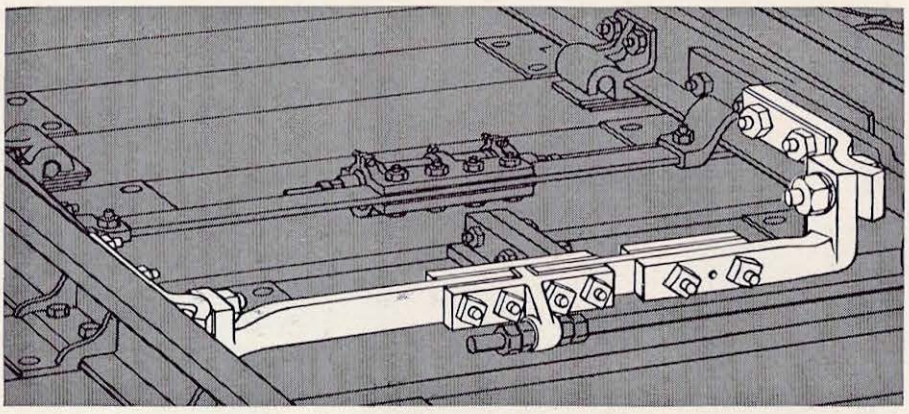

Style U swivel front rods are strong enough to keep switch points vertical even in rugged mainline service, yet the design allows enough free movement to eliminate excessive strain. Exclusive T-bolt swivel connections at both ends have low wear because of extra-large contact areas. Can be applied to spring, hand-thrown, or power switches. Of the three failures, all minor, one was due to dragging equipment.

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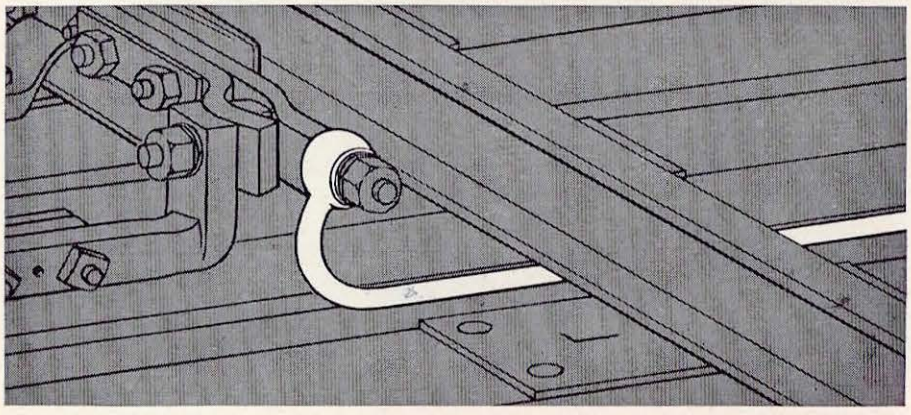

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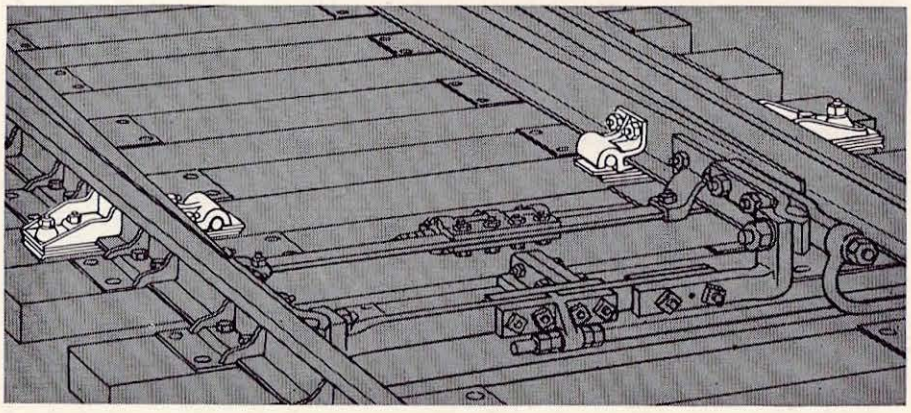

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RAILWAY AGE WEEK AT A GLANCE

June 17, 1963 • Vol. 154, No. 23

Rules showdown again postponed

At the request of Labor Secretary Wirtz, carriers and ops will maintain the status quo until June 18. The big question: What happens if there's still no agreement in sight? ....**p. 9**

Illinois Central: What's ahead?

IC President Wayne A. Johnston describes the road's diversification studies, what it's doing about competition and future manpower requirements **p.13**

TRRA tests new car accounting system

Car-location inquiries were processed in a few seconds during a recent St. Louis demonstration that linked a digital computer with a nationwide teletypewriter system **p.27**

Wrecking crane has off-track mobility

A new rubber-tired vehicle called 'Wreckmaster 200' can be hauled to a derailment site on a special rail car where it can then be operated independently of the track **p.42**

Reading promotes overseas coal sales

The railroad's management, looking for new outlets for anthracite, is opening up overseas markets with new-business potential of 100,000 carloads annually. **p.44**

UP orders high-power diesels

The Union Pacific has ordered a three-unit 16,500-hp locomotive from Alco Products and a three-unit 15,000-hp locomotive from General Electric for delivery late this year ..**p.48**

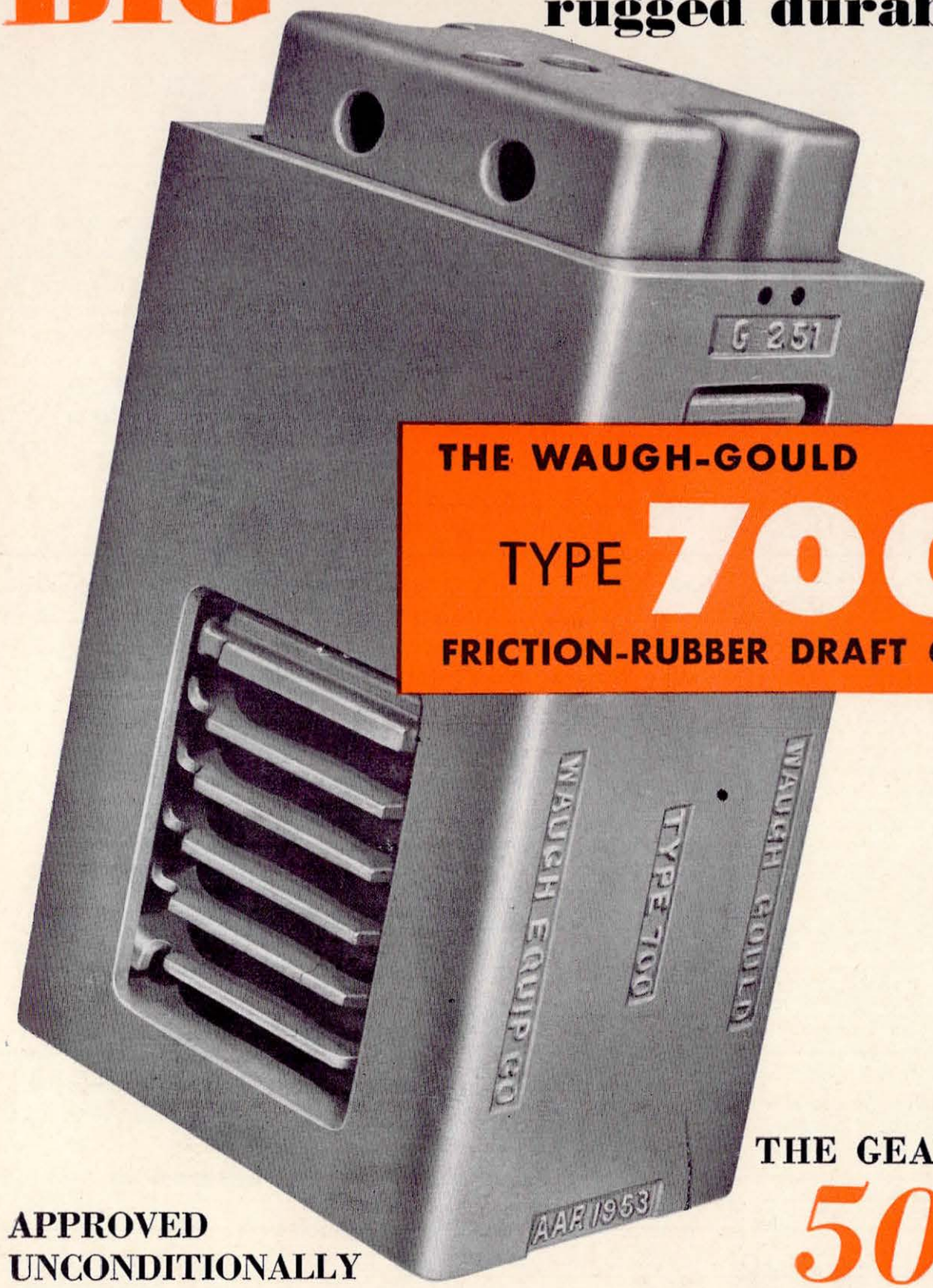
New challenges face railroad advertising

A much broader public appreciation of industry improvements is an absolute must, one speaker told the recent meeting of the Association of Railway Advertising Managers. **p.49**

Report outlines L&D attack plan

A six-phase program to reduce the railroads' huge L&D payments has been proposed by the National Freight Loss & Damage Prevention Committee.....**p.52**

BIG in capacity...big in rugged durability



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RAILWAY AGE WEEK AT A GLANCE

Railroads urged to 'make competition'

Just meeting competition isn't good enough, B&O President Langdon told last week's meeting of the Superintendents. To be effective, he said, competition must be made.....**p.53**

Harris uneasy over rate-freedom bill

While supporting President Kennedy's rate deregulation legislation, Rep. Oren Harris has "some very big question marks" as to whether it will offer more or less regulation. **p.54**

The Action Page—Are utilities socialistic?

Electric power companies devote a lot of effort to fighting their socialized competition, but seem to be strangely tolerant of socialism in transportation. **p.58**

Short and Significant

William White has been elected chairman . . .

and chief executive officer of the Erie-Lackawanna, effective June 18. He will continue as Delaware & Hudson chairman, but not as D&H chief executive officer.

Railroads will spend $1.08 billion in 1963 . . .

according to the latest quarterly survey of planned expenditures made by the Commerce Department and the SEC —up 27% over 1962's outlay.

The Railroad Public Relations Association . . .

has canceled its New Orleans convention, scheduled for June 17-18, because of the unsettled work-rules situation. The meeting has been tentatively rescheduled for September.

Departments

As the Publisher Sees It	50
Freight Carloadings	51
New Equipment	51
People in the News	46
Railroading After Hours	35
Railway Market	51
Supply Trade	47
The Action Page	58
Watching Washington	10
You Ought to Know	56

Current Statistics

Operating revenues		Carloadings revenue freight	
3 mos., 1963	$2,238,049,679	23 wks., 1963	12,384,114
3 mos., 1962	2,286,932,404	23 wks., 1962	12,602,694
Operating expenses		Freight cars on order	
3 mos., 1963	1,798,030,564	May 1, 1963	19,872
3 mos., 1962	1,823,291,544	May 1, 1962	14,244
Taxes		Freight cars delivered	
3 mos., 1963	214,320,105	4 mos., 1963	13,300
3 mos., 1962	253,124,089	4 mos., 1962	12,315
Net railway operating income		Serviceable cars	
3 mos., 1963	125,807,318	April 1, 1963	1,414,166
3 mos., 1962	116,556,316	April 1, 1962	1,461,833
Net income, estimated		Cars awaiting repairs	
3 mos., 1963	83,000,000	April 1, 1963	128,690
3 mos., 1962	71,000,000	April 1, 1962	136,151

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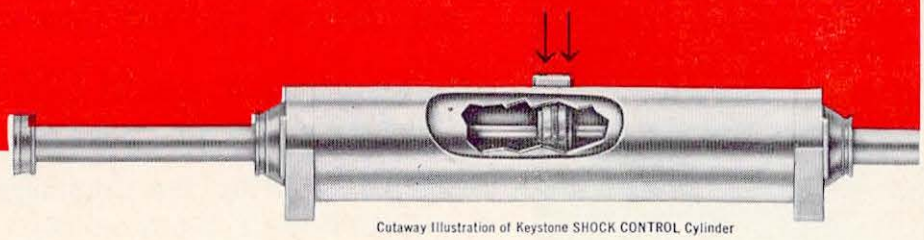

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Rules Showdown Is Postponed Again

For the carriers

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J. E. Wolfe
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J. J. Gaherin
NRLC

C. A. McRee
NRLC

At the request of Labor Secretary Wirtz, carriers and ops have agreed to maintain the status quo until June 18. The big question remains: What happens if there's no agreement in sight?

Where the work-rules dispute is concerned, deadlines come and deadlines go.

Another one passed last week—and in its place a new time was set when carriers and unions will be free to resort to self-help: 12:01 a.m., Tuesday, June 18.

Secretary of Labor W. Willard Wirtz called for the extension, as time was running out on the cooling-off period following the May 13 report of Emergency Board 154. Both the railroads and the operating brotherhoods agreed. But the ops, at least, indicated they may balk if the dispute seems destined to drag on through extension after extension.

● **More delay?** Secretary Wirtz, in asking for a showdown-postponement, indicated that still more time might be requested if circumstances warrant. The unions, however, now appear wary of further delays—possibly fearing a buildup of pressures for arbitration legislation to head off a strike.

(Reports were circulating that an arbitration bill was in preparation. And the Transportation Association of America put its support behind any legislative measure which would call for final and binding arbitration of the issues which led to the rules dispute.)

Meanwhile, mediation efforts were continuing in Washington, under the general direction of Assistant Secretary of Labor James J. Reynolds, with Secretary Wirtz sitting in on some sessions.

● **The fireman issue.** Most of the talks centered on the fireman-off issue. Other points in dispute were discussed, but to a considerably lesser degree.

The new deadline postponement focused more attention on the government's likely course, in the event the talks still get nowhere. The most-heard speculation: That increasing pressures may be applied to produce a voluntary agreement to arbitrate.

Legislative action—providing either for arbitration or for seizure in the event of a strike—remains a possibility. Some observers see seizure (a move opposed by the carriers) as the government's probable choice. Others think a one-shot arbitration bill, covering only the current dispute, may finally be proposed.

● **Showdown: When?** The immediate question, though, is how long the inevitable showdown can be held off. The railroads have been pressing the issue for four years, against dogged union opposition, and their determination to update the rules hasn't weakened. But the ops' attitude is a bit less predictable. They, too, indicate impatience with delay—but, as one observer noted, "It's to their advantage to stall things forever, isn't it?"

TAFT

● **PASSENGER SERVICE DEFICITS** of the ICC's "35 selected large railroads" last year ranged from the Katy's loss of $2.2 million to the Pennsylvania's deficit of $37.9 million. That's a showing of the latest compilation of passenger and freight service results which has been issued by the ICC's Bureau of Transport Economics and Statistics. The compilation also shows that the 1962 passenger deficit of all Class I railroads aggregated $394 million, down $14 million from 1961's $408 million. Meanwhile, 1962's freight service was profitable for all but two of the 35 large roads, the deficits having been New Haven's $595,000 and Pennsylvania-Reading Seashore Lines' $2.3 million, about what PRS also lost on passenger operations. The range of freight service net railway operating incomes was from Erie-Lackawanna's $72,000 to Santa Fe's $87.8 million. Last year's freight-service net of all Class I roads aggregated $1,119 million, compared with 1961's $945 million.

RUNNERS UP on the high-passenger-deficit side were the Santa Fe's $26.6 million and Union Pacific's $25.8 million. As to freight-service net, the place and show spots were taken by the Norfolk & Western's $76.8 million and Southern Pacific's $76.7 million.

NO ROAD on the Commission's list reported a 1962 passenger-service operating ratio of less than 100. Lowest of the 35 ratios was the New Haven's 101.62. Then came New York Central's 104.67 and Pennsylvania's 110.3. Highest was Pennsylvania-Reading Seashore's 349.7, far above the second and third highest, which were Rio Grande's 182.7 and Chesapeake & Ohio's 181.3.

FREIGHT-SERVICE RATIOS ranged from N&W's 53.6 to Pennsylvania-Reading Seashore's 98.65, that being the only one above 90. New Haven, which, like PRS, lost money on its 1962 freight operations, had a ratio of 84.11, second highest.

PASSENGER BUSINESS last year was down, as measured by revenues, passengers carried and passenger-miles, but average revenue per passenger-mile increased. The coach average was 2.89 cents, compared with 1961's 2.86 cents. The parlor car and sleeper average was 3.97 cents, compared with 3.96 cents.

● **DINER DOLLARS** got cheaper last year. They cost nearly three cents less than in 1961—$1.40½ cents, compared with $1.43 4/10. That's how the ICC's statisticians figure it on the basis of latest available data.

THE SPECIFIC SHOWING of the ICC figures is that the ratio of diner and buffet expenses to revenues from those services was down from 143.4 to 140.5. The expense figures include only direct costs of the diner services—nothing for hauling and maintaining dining cars, or overhead. On that basis, the aggregate diner and buffet service loss of Class I roads in 1962 was $19.2 million, down $1.3 million from 1961's $20.5 million.

ALL BUT ONE ROAD of the 19 with 1962 diner and buffet expenses in excess of one million dollars lost money on the service in that year. New Haven was the exception. It paid only 93.2 cents for each diner dollar it collected last year. It took in $1.9 million and paid out $1.8 million. Biggest 1962 spender for diner dollars was the Union Pacific which paid just under $1.77. Biggest 1962 gross from diner and buffet services, $6 million, was collected by the PRR, which spent an average of $1.15½ for each of those revenue dollars.

Tucker Still Wants ICC in Policy Role

More ICC cooperation with executive agencies of the federal government is still favored by Commissioner William H. Tucker, who last week expressed views reflecting what he called his "outright rejection of the isolationist view of agency independence."

Commissioner Tucker made this statement in a June 11 speech before the District of Columbia chapter of the Association of Interstate Commerce Commission Practitioners, thus further developing the need-for-more-liaison thesis which he advanced before, notably in an address at the 1962 annual meeting of the Practitioners' Association.

Mr. Tucker is one of President Kennedy's appointees to the Commission and he comes from the President's home state of Massachusetts. Nine of his 10 colleagues, including Chairman Laurence K. Walrath, were on hand to hear him last week. The absentee was Rupert L. Murphy, the Commission's 1962 chairman.

His proposal has served to recall former President Roosevelt's 1938 request for clearance of Commission legislative recommendations with the Bureau of the Budget. The Commission did not meet the request, taking the position that its recommendations should be sent directly to Congress, whose agent it is. The late Joseph B. Eastman, whom Mr. Tucker called the "most distinguished" Commissioner, was then an influential member of the Commission. But Commissioner Tucker finds it "surprising" that those concerned about ICC's loss of independence rely on Mr. Eastman's views.

"Certainly," Mr. Tucker said, "Commissioner Eastman did not believe that an isolationist concept of agency independence is a must. In my view, his activities reflected a belief in the maximum use of every facet of the Commission for transport policy planning . . . his brand of independence was that which is generated by integrity, strength of character, and accomplishment."

The need for increased policy planning was identified by Mr. Tucker as "the great challenge," which he considers "as important to the independent agency as it is to the executive branch and to the Congress." He predicted that agencies which remain "isolationist" may well find themselves supplanted or reorganized.

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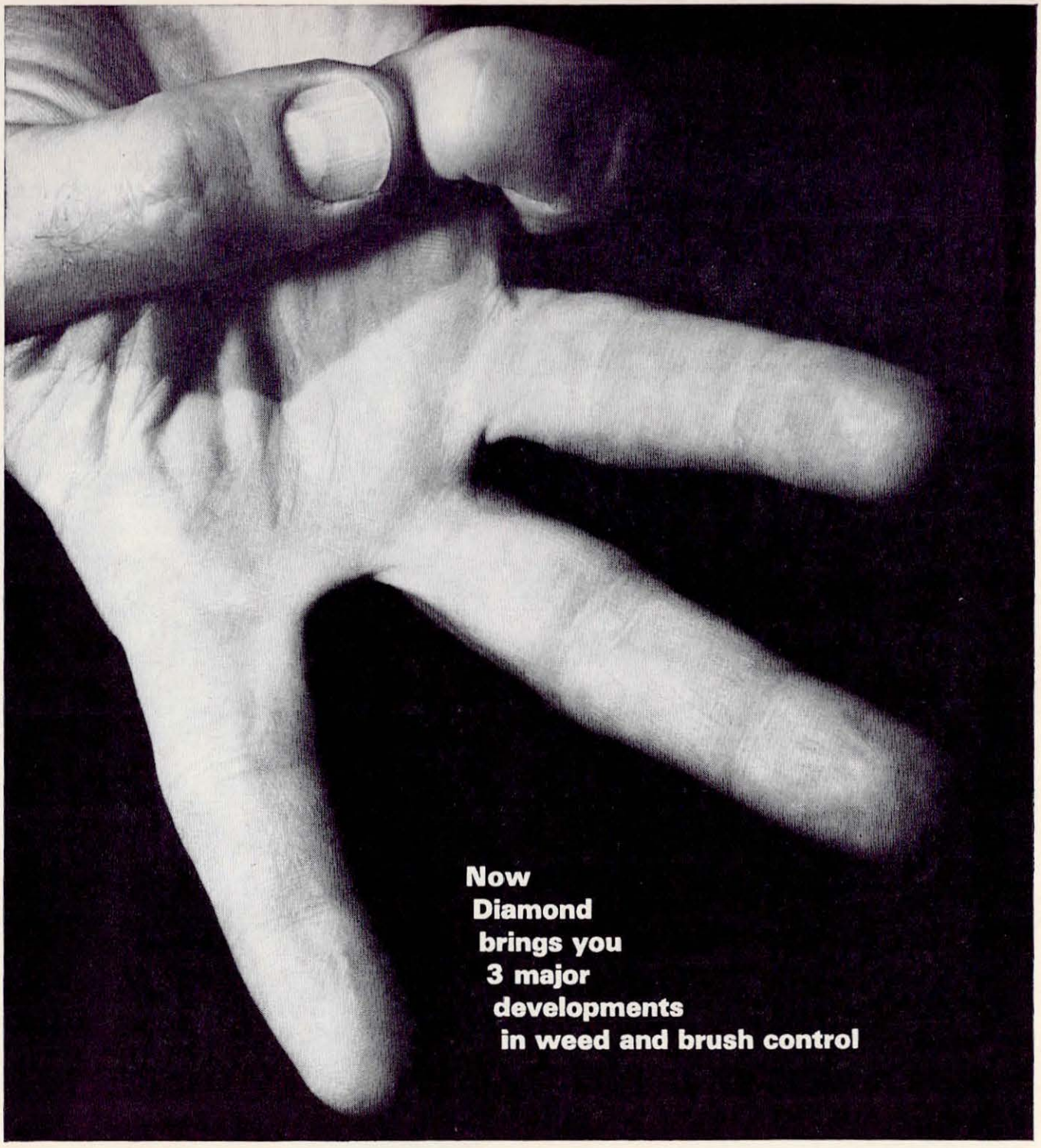

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WAYNE A. JOHNSTON

Illinois Central: What's Ahead?

In an exclusive interview, President Johnston tells how IC is studying diversification, how it's working to meet tomorrow's manpower needs, how it's strengthening competitive efforts.

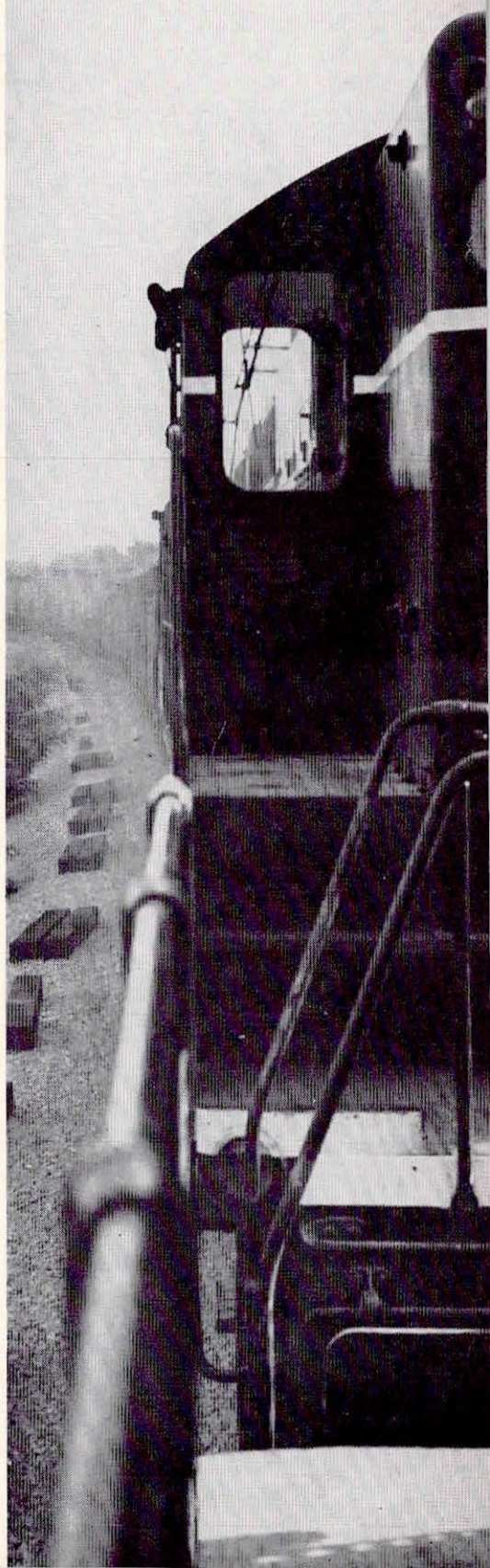
Q. Mr. Johnston, about the Interstate Commerce Commission's denial of the Illinois Central and Southern Pacific request for permission to buy a barge line: Does IC have anything more planned for diversification in this—or other—directions?

A. That's a tough question because there are so many variables. Aside from the possibilities for diversification that open up with our newly established holding company, Illinois Central Industries, there are some other possibilities. The Illinois Central-Southern Pacific acquisition of the John I. Hay Company was promising, in our view, of efficiencies that would have benefited both carriers and shippers. It would have been a good relationship for both the railroads to have—for many, many reasons. But we were denied by the Interstate Commerce Commission. We don't think that that was the proper answer from the Commission, but the fact still remains that they are the regulatory body and they came to that conclusion. We have nothing further to say about it. We withdrew our offer with the John I. Hay Company and have gone about our knitting in other ways. There are also other opportunities within the existing framework of things that allow similar efficiencies—such as consolidations and mergers with other railroads. We have reviewed both. In the first instance, IC and Chicago & Eastern Illinois are involved in proceedings that could result in a consolidation. The study which we are making jointly with the Gulf, Mobile & Ohio could result in a merger. Those are examples where we could, to some degree, diversify or make major changes with the same corporate structure we did have, and still be within the framework of present regulatory limitations.

Q. Haven't you spoken before about the restrictions involving trucks that are operated by the railroad because of the key-point restrictions?

A. Yes. I have pointed out that we are at a decided disadvantage when it comes to a railroad-operated truck as compared with a truck operation which is independent of the railroad or any truck operation, whereby are you not only inconvenienced, but you are also at a disadvantage because of the mileage which you have to cover in order to compete. Illinois Central, like many railroads, is in the trucking business in order to better serve customers. We tried, God knows, to get the ICC to change its philosophy on these key-point restrictions. The Commission there again has ruled against us. There's not much we can do except to repeat and repeat and repeat our request. We don't seem to get anywhere with it, but we keep trying.

Q. You just talked about Illinois



Central's directions for diversification of sorts within the framework of present things. How about Illinois Central's general philosophy about diversification in terms of a holding company?

A. Generally speaking, we have organized the Illinois Central Industries, and it is now an established fact. The stock is on the market and as soon as we get some of the details which are before us out of the way we propose to embark upon study of those things which we believe we're susceptible to and with which we can make some money for our stockholders. Our study should enable us to arrive at a conclusion as to what sort and type of industry or industries we ought to get into.

Q. You think that by and large the direction of the holding company activity is going to be closer rather than farther away from railroad operation in one form or another?

A. That doesn't necessarily follow. I would hesitate to say what we are contemplating doing because we haven't got to the position of knowing where we are going to move. But with all of the Illinois Central's holdings of air rights it could well be that we might get into the field of developing the air rights, either individually by the railroad or by the holding company or in connection with others who are interested in that development. There are certain obstacles which now exist but which we think will be dispensed with in due course, having to do with a lawsuit over our right to dispose of these air rights. The suit is being tried in the Supreme Court of the State of Illinois. But, by and large, I would say that the best fields that we can get into would probably be those of which we have some knowledge. It may well be, however, when we get through with the study, that our new ventures may not be allied with the railroad industry.

Q. You mentioned that one of the natural directions for IC industries would be to look closely at the development of railroad air rights. Do you mean by this the kind of thing that New York Central and Pennsylvania have done in the East?

A. Yes. That, and to help those who are wanting to develop our air rights and secondly, to foster ideas of our own, either individually or collectively with those who are involved in the development of our air rights. Yes, I think the NYC and the Pennsylvania have done a marvelous job both in New York and in Philadelphia.

Q. Would Industries also concern itself with the smaller aspects of the railroad's property such as real estate and sale of stations for commercial activities?

A. It could, but I think that those are so few and scattered that the railroad itself would probably be in a better position to deal with them.

AIR RIGHTS development is moving ahead rapidly in Chicago.

Q. What about new developments in rates? I understand IC has three integral train proposals at one stage or another. How do you feel about this movement towards unitized trains and integral trains for handling bulk traffic?

A. Of course, volume traffic makes for profits. It also makes for lower rates which will be to the advantage of the shipper and the receiver as well. We are a believer in trying to recover traffic which has been lost to other modes of transportation because of the differential in the rate structure. When we can find a way such as the integral train or the larger cars and whatnot —it gives us an opportunity to provide our customer with what he wants and gives us the opportunity to increase our traffic and thereby our gross and then that carries down into our net. Everybody on the Illinois Central is happy about this sort of development.

Q. What about the somewhat spectacular impact of integral and unitized trains on railroad operating costs?

A. Railroad equipment investment per ton for handling coal in ordinary service is about five times what it is for handling the same flow of coal in integral trains. This could, along with other factors, have far-reaching effects on rail operations. It is a fact, of course, that where you have a regular movement in trainload lots of traffic you can handle it at a cheaper rate and at a cheaper cost than you can if you are trying to handle a carload or 10 carloads or 20 carloads within the confines of a train. We are very enthusiastic about the possibilities that are presented to us to reduce our costs as it can be done by moving trainload lots of traffic.

Q. While we are on the subject of equipment, some new cars have been having a great effect on rail operations. Would you care to note some of the particular equipment you think has made it possible for the railroads to either make a breakthrough or regain business or in some way forge ahead in this competitive struggle?

A. I think there have been any number of advancements, some very simple ones. For example, even the double-door box cars of the old size provide a means for the movement of commodities from the floor by palletizing and by machines which reduce the cost to the man who is loading the car and to the man who is un-

loading the car. You have the cushion underframes which reduce damage to the commodities which are moving —cars so equipped. You have the large-size box car and the large-size hopper car which produce more traffic within the confines of a given unit and secures the benefit of the over-all capacity to dramatically reduce the rate. So over-all we are continuing to develop better cars. The large tank car which is very, very important in the movement —and in the recovery of movements— of liquids of all kinds is another example of how we have helped research, build, and project and advocate all kinds of cars which can do a better job, benefit the shipper and make the railroads more competitive.

Q. Mr. Johnston, do you see any possibility that this new equipment plus the unitized train concepts may someday be able to compete with petroleum pipelines—that they can become so sharp a rail competitive tool that pipelines become uneconomical?

A. I don't disagree with that at all. Haven't integral-train rates made the Ohio coal pipeline uneconomical? As a matter of fact, any bulk movement that is presently moving by barge in year-around movement can more economically be moved by the railroads with unitized or integral trains if all true costs were shown.

Q. How about IC's peculiar situations, Mr. Johnston. Are there any rate situations that IC has peculiar to itself?

A. I think we produced the first trainload rates that there were in the United States — back in the 1930's. That was blackstrap molasses from New Orleans to Peoria. We have now proposed certain trainload rates on coal. Our coal traffic represents about 44% or 45% of our total tonnage and some 21% of our total gross. That provides us with an opportunity to provide trainload rates for coal business. We are in the process of and have just concluded the study and proposals for the operation of trucks which are refrigerated for the handling of meats and other perishables, and so forth. Now that is not unique to our railroad particularly, but it is unique to the area because we serve so many packing houses. We believe that will help in the recovery of traffic from that area. Being a north-south, middle-of-the-country railroad, the Illinois Central is an important rate-making railroad. Rates cannot be changed as easily as other businesses change their prices. Rates are interrelated all across the country, and what happens to one has a bearing upon others. For example, a change in rates on tin plate interests glass manufacturers, because tin plate and glass are competitive products for manufacturers of containers. In making a new rate, we must determine if the traffic will be profitable. What equipment will be needed? What is the potential for new traffic? What will be the effect upon market relationships? In 1962, of the nearly 1,100 proposals for rate adjustment filed by the Illinois Central, four out of five were approved by rate association action. Those not approved were re-studied. Some were dropped, but on others Illinois Central proceeded to publish its own rate. By and large, Illinois Central prefers to have approval of the rate association. For example, not long ago a heavy volume of export soybean meal began moving by barge to Gulf ports. We worked out a level of rates to apply in multiple car lots of 2,000 tons, or 40 carloads per shipment, which would meet water competition and also provide a reasonable profit. The proposed rates were submitted to the Southern Ports Foreign Freight Committee, which approved them as being in the best interests of its members. As a result, Illinois Central handled several thousand carloads of soybean meal last year and more this year.

Q. Mr. Johnston, various members of the railroad managerial fraternity are more and more talking about the need for more market research, cost analysis, industrial engineering and other more or less space-age activities to implement the traditional railroad approaches to doing business and for staying competitive. How does Illinois Central stack up in these areas?

A. We had market research operating full blast on the IC back in the 1930's in a more elaborate form than we have it now. We had quite an extensive, elaborate research organization that focused on rates, on traffic trends and so forth. Having gotten the knowledge which we wanted, we reduced that research facility. I am all for it. I think it's a fine thing, but I think that the most of it ought to be done within the confines of your own organization rather than by going outside every time you want a study made. In other words, a railroad is best served by having the proper kind and type of individuals within who can do research. I don't mean by that that we ought to restrict research entirely to our people—because there are occasions when we need outside help.

Q. Do you think activities like these are best handled by the traditional railroad departments?

A. Yes. I think so. Particularly all of the work we have done in connection with the desirability of acquisitions, consolidations or mergers has been done by a committee constituted of outstanding individuals from various departments. They report to the president, plus those who are in charge of helping the president to make the decision, the staff or department heads. But you have to have compatability between the various departments in order to do it.

Q. What, in your long tenure as president, do you regard as the great accomplishments that occured on the IC?

A. There are many, many things which have happened, but the accomplishment which I look to as having been the most pleasant and profitable for the owners of my company has been the reduction in the debt structure of my company. We have reduced our fixed charges down to where the railroad is in a very comfortable position. We have a fixed mortgage debt which likewise is comfortable. We are reducing debt on our equipment so that it, too, is in a very manageable position. As a matter of fact, just in the last three years we have reduced our debt $28 to $30 million. We have not, in that time, issued an equipment trust. We have paid cash for everything that we have purchased, and we have not reduced at all our construction program of cars or our program on putting in rail and ties and keeping the roadway in proper condition. Another accomplishment is our fleet of cars which, under any formula and by any stretch of imagination, is our fair share of the pool. Our maintenance of equipment keeps a very satisfactory balance of cars that are in good shape. I think our relations with our customers are excellent. Also, I believe that you'll find Illinois Central has automated its accounting work as much as any railroad in the United States.

Q. How about the physical plant itself, Mr. Johnston?

A. When I came with the railroad we had 22 divisions and we now have nine. We had 22 accounting organizations, and the same number in the stores and the same number in the mechanical department. Now we have one organization for each function. We had 69,000 employees and now we have 22,000. All of this has been brought about by both dire necessity to conserve and by careful analysis of the technical and competitive situation. If it weren't for these economies and the resultant efficient operations we'd be in sad shape.

Q. Mr. Johnston, you mentioned relations with customers. Currently there are differing sales philosophies and

some rather forthright condemnation of the traditional railroad sales force. The traffic departments are under some fire in some quarters. Would you care to comment on how traffic work possibly needs to improve to meet the requirements in the new age that is coming?

A. First off, I believe that we have as efficient a rate department in our traffic organization as any railroad. Not only are they understanding in their knowledge but they are also aggressive in what they propose and in meeting the demands and the requirements of customers. Secondly, I think we have a sales organization that is constantly dealing with the relationships of our customers and coordinating their demands, the demands of our shipper friends, with the rate organization of the traffic department. We are constantly bringing in new minds from the bottom who are looking at the oldsters who have done certain things in the past, and I think that it's very refreshing to see the suggestions and the ideas that are coming from those youngsters in connection with our traffic activity.

Q. The Illinois Central has always been pretty well known for having a strong employee relationship. Of necessity in recent years Illinois Central has more or less had to follow a national program because of the industry's desire to acquire more modern work rules and so forth. Has this in any way tended to undermine Illinois Central's traditionally good employee relationships?

A. It has not deteriorated our relationships. We have tried our best to foster good employee relations. Our management men come from the employee ranks rather than from outside, in most cases. I think I'd have to say that we are not any worse off now in this particular situation than we have been. In other words, I think we have good employee relations.

Q. Illinois Central now and for the last few years has been recruiting and training new people in various departments. Have you had any trouble at all with this arrangement?

A. No. We've not experienced any difficulty because of our training program. As a matter of fact, we do not restrict the training programs that we have in the traffic, accounting, engineering and operating departments to those who are college graduates. If we find Illinois Central employees who are qualified to be in the training program, they are selected. As a matter of fact, we have just inaugurated a new program and we have taken three candidates who came up through the ranks for a strenuous and definitely intensive program for a period of two years. This is under the direction of the Illinois Central's personnel committee and we believe that not only have we not had any difficulty, but we've had a response from union officers that has been very helpful in the program. As a matter of fact, they've done a very, very fine piece of work for us.

Q. Mr. Johnston, I understand you are resigned to the fact that many of the bright young men trained by the railroad will leave, but that you feel this will produce benefits to Illinois Central in the years to come.

A. That's correct. As a matter of fact, I was in the traffic department when we started our first training program back in the 30's and we brought into our organization a great many young men from junior colleges and universities. A sizeable percentage of those men have gone into other industries because of different circumstances that have come into their lives. Some of them have grown to be outstanding traffic leaders all over the country. Their first love, of course, is for where they got their education and their inoculation and that's the Illinois Central. They are our friends and they think of us in terms of what can they do for the Illinois Central Railroad. Obviously it is a fine thing for us to have those alumni in industries throughout the countryside.

Q. Mr. Johnston, I recently noticed Illinois Central announcements that look a little bit unusual in railroad circles. You have an engineering department man moving over into the operating department. This looks as though IC is going at the business of officer-preparation from the standpoint of an integrated, interdepartmental route to a career. Is this part of a systematic approach?

A. This is not a new venture at all. We have done it before, but we haven't done it quite so extensively as we are doing it this year. This was by design rather than by chance. There is an opportunity here for us to utilize the knowhow of individuals in particular areas where what they now have is highly desirable—and who we think can acquire the knowledge for the field into which they are going which will produce a better all-around individual. We will know more after this experiment whether it's desirable or not desirable. It's a new venture by design.

Q. You have said there is some desirability for moving operating and sales functions closer together in a company, that they shouldn't have this severe compartmentizing that all too often exists on railroad properties. Would you care to comment on that?

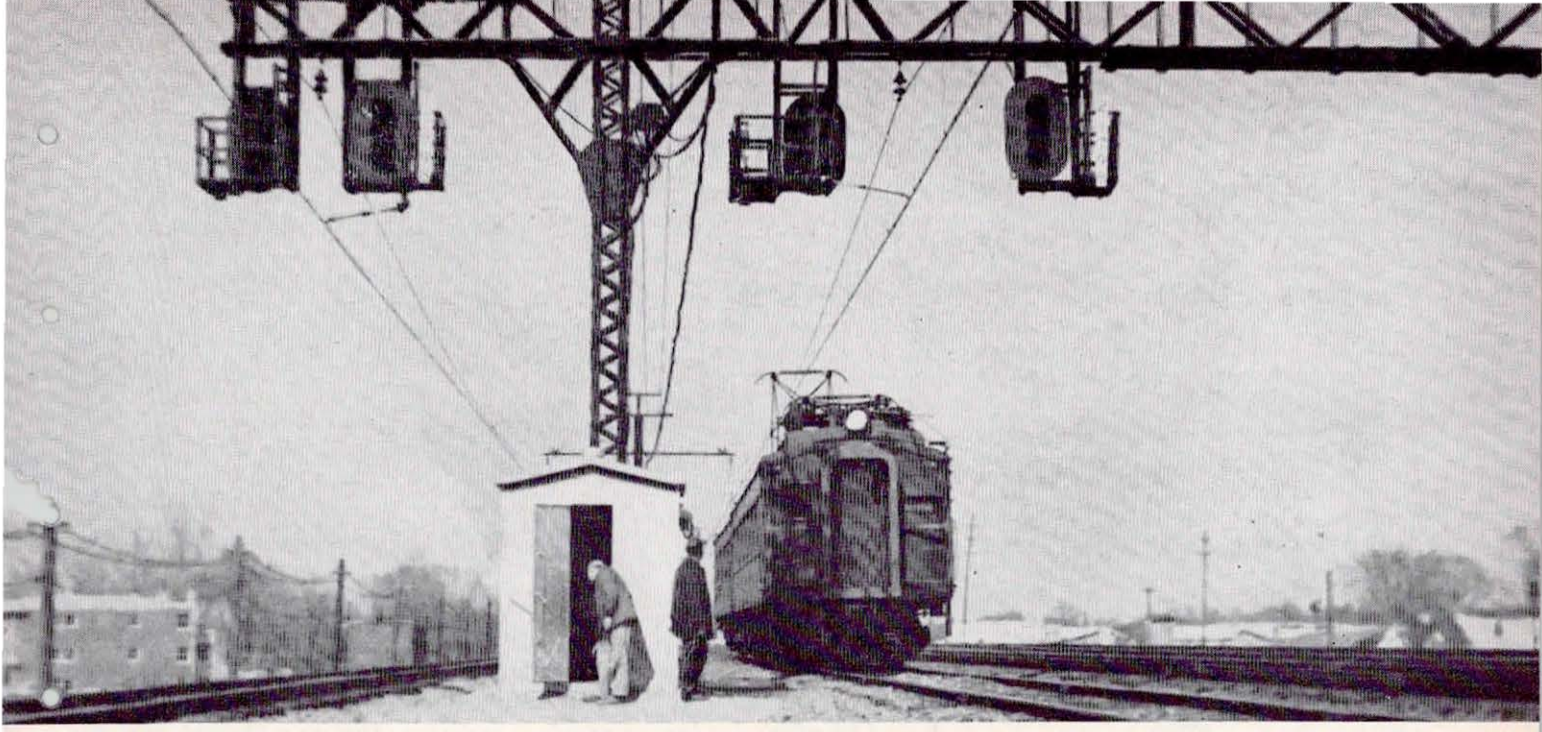
A. Yes. I think that is right. We have pursued that philosophy in the last 20 years more extensively, I think, than we did before. I have the feeling that the man who has the service to perform and is charged with that responsibility should know what the customers need and want. He should be acquainted with them. I think we have done some things in that direction that have been very desirable and which have paid off. We propose to continue. I think it could well be that we will take operating men and put them in the traffic department and vice versa. As a matter of fact, that was my personal experience. I came out of the operating department and spent seven years in the traffic department—all of which was very valuable to me. The present vice president of traffic came out of the operating department, and I could go on and list many others who have had the same experience. I think it has helped train them. I think this method could result in a stronger philosophy, a stronger all-around railroad officer.

Q. Mr. Johnston, to turn to the long-drawn-out work-rules controversy between the carriers and the operating brotherhoods for a moment: What seems to have been the biggest factor on the side of the railroads?

A. Of course I'd have to say the fact that the railroads are right in the matter. They—and the public, the government and everyone else, except, obviously, the unions—know it. I think the railroads, by and large, have learned a good lesson from this work rules dispute. I am sure that lesson will indicate to them the desirability of moving forward in the same direction on other problems and other proposals, other suggestions which they have to enhance opportunities to be more efficient and more competitive. We will need the help of the public in the problems which the railroads have, but I have an idea the unions themselves will operate in a clearer atmosphere once the smoke clears away from the present controversy—and be our partners in future progress.

Q. Suppose a settlement favorable to the railroads on work rules, together with increasing railroad ability to handle bulk shipments with new big cars, unitized trains. Would you say that favorable use of railroad labor is going to result in some real stiff competition with other modes? On the IC in particular—with barge traffic?

A. In the first place, if we are as intelligent as I think we are in the industry, particularly on the IC, a portion of the reduced labor costs—which are



COMMUTERS get a faster ride, since IC reverse-signaled its double-track suburban line.

estimated for the industry at $600 million, of which we are two and one-half percent—we would use to reduce freight rates. And the man who gets the reduced freight rate is going to use rail freight service because that high rate is one of the reasons that railroads lost the business in the first instance. We *are* going to be more competitive. This question of elimination of make-work and changes in work rules isn't the only thing. There's also the question of minimum rate legislation, which ought to be enacted, and which is highly desirable, and which will produce a better situation for the shipper and which will help the railroad better meet the competition of the unregulated as well as the regulated competitors. Then there's the bulk commodities situation. These are all involved, and all ought to be brought to a conclusion.

Q. The IC, specifically, would use whatever savings arise from all of these factors to at least in part reduce rates?

A. I don't say we'll use all. I would say we'll use a large part of the money saved for that purpose because volume makes for profits. One of the silliest things in the whole situation is that the labor organizations don't recognize the fact that you make for more and more jobs by having more and more business, which is a result of reduced rates.

Q. You think it is conceivable, then, that all of these things may combine to produce greater IC employment?

A. Certainly. It has to.

Q. Do you feel that IC will get a favorable decision in this C&EI case?

A. I have a biased viewpoint. The ICC Bureau of Inquiry has already said to the Commission that the Missouri Pacific and the Louisville & Nashville have done exactly the wrong thing under the rules and regulations of the Commission, and that is to acquire substantial stock interest in a property. They have recommended to the Commission that the ICC have these two railroads divest themselves of their control. We didn't acquire stock. In my opinion, that is in our favor. By the same token, if we are not granted the opportunity to control the C&EI—if there is to be control and it's given to either one of the other railroads—they are invading our area, and we just don't believe that is in the public interest. Lastly and perhaps as importantly, we said in connection with the merger of Atlantic Coast Line and Seaboard that unless they were ordered to divest themselves of ownership in L&N, they would want to surround us so that it would reduce the traffic which we had to and from the Southeast. Here's the L&N wanting to get into Chicago in competition with Illinois Central, and that is exactly what we said would happen if they didn't insist upon ACL divesting themselves of their ownership in L&N. I have every reason to believe that we ought to be considered favorably when it comes to the C&EI being acquired by some other railroad.

Q. How about the GM&O study, Mr. Johnston?

A. The GM&O study has just been completed. We believe it's a natural. We have from the very start. It's our viewpoint that if we can now have some favorable discussions with the GM&O and reach a satisfactory place on how we can merge through the acquisition, through the exchange of stock, then I think we will move forward feeling that is a desirable thing to do.

Q. Are you going to make any announcement regarding this merger possibility?

A. No.

Q. Mr. Johnston, to go back to rates for a moment, hasn't the rate structure gotten to be almost a nightmare for the railroads?

A. The rate structure is very complicated. There isn't any question about that. It's not been brought about by the railroads themselves, though they have been a party to it. Yes, I think there is a great deal of work that should be done to simplify rates. I didn't know too much about the new auto-parts rates and the resultant simplification, but if everybody else would do likewise we could cut out a lot of the paper on which we have our tariffs and certainly make it much easier for everybody and much more pleasant for the traffic folks themselves—and possibly even achieve some economies.

Q. How about piggyback? Illinois Central's TOFC business is growing rapidly, isn't it?

A. Yes, and it's going to continue to do so because more and more shippers are becoming susceptible to it. Piggyback's impact on meats, fruits and vegetables and all that sort of thing is going to grow and continue to grow. I think it's one of the fine things that has happened in the railroad industry in recent years. I feel the sky's the

limit here. Equipment design and other matters have to be straightened out, though.

Q. How about the passenger situation on the Illinois Central?

A. So far as the passenger business is concerned, we are a believer that there is a desire on the part of the public for good passenger service and that, in addition, the public will use or go back to the use of passenger service on the rails if we provide the kind and type of service that they want. We are not making a profit in our through passenger business on an out-of-pocket basis or direct-cost basis. But we are coming pretty close to it. A great many of the folks who travel by passenger trains and who are happy come back to give us more and more of their business. Some of them are freight customers, too. In our commuter service in the past three years we have been in the black. I think we have, likewise, full agreement on the part of ourselves and the public that we have improved operations. One of the factors which disturbs me no end is the completion of the Dan Ryan Expressway in Chicago, which has taken some of our customers and put them on the highway. Now the conversation in Chicago is that construction of the Southwest highway is ahead. Sooner or later the public will suffer. Something will have to be done in order to increase the income of the railroad or reduce the costs of operation. That means reduced operation or increased rates. While just breaking even in commuter operation is an achievement, we are not at all happy with our being in the black. Our profit is nominal compared with our $40-million investment in suburban commuter facilities at Chicago.

Q. Do you think there is anything specific that can be done in a situation where the city insists upon subsidized competition?

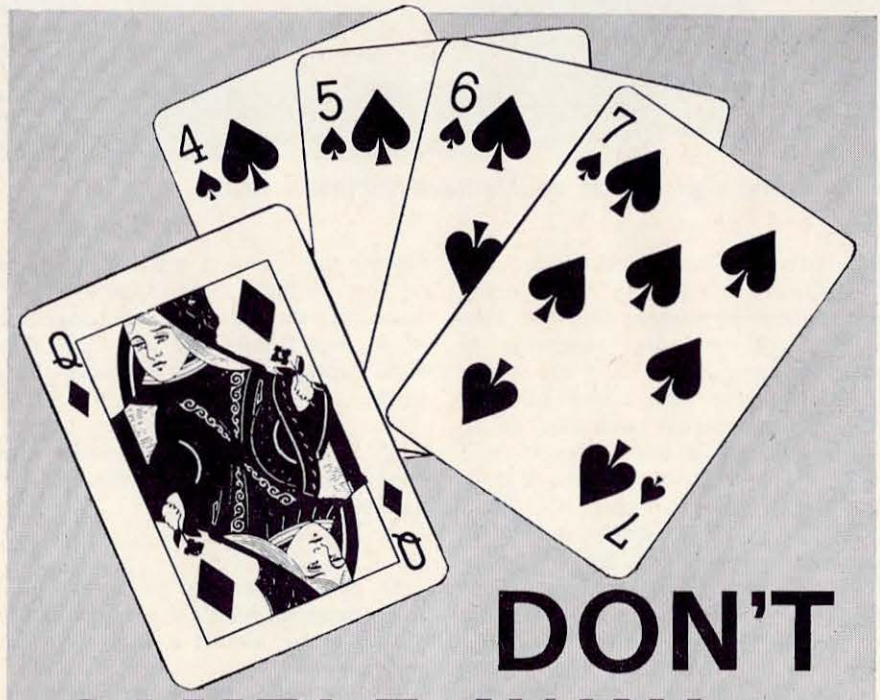
A. We are opposed to subsidies, of course. I think the problem is central to the building of more and more highways. That is a problem that has to be explored and studied. If there were an economically realistic charge for the use of such highway facilities, our trains would be loaded—and running with minute headway around the clock. I can't tell you how it can be done. The Chicago Transit Authority is subsidized, too, and they are talking about extending its runs down South Parkway to 95th street instead of stopping where they are. That will be more and more subsidized competition. I just think we have to have some means of coordinating our various transport endeavors for urban-suburban travelers. I think that it can be done. How and in what manner I don't know at the moment.

Q. The city, literally, has to make a rational approach to commuter transportation? It has to be a civic solution?

A. It's got to be a civic solution. We have a facility here which we believe we can operate better than anybody else. It's only because of action on the part of certain governmental agencies that we are up against it, as it is. I think they've got to remove that loaded-dice feature of it. How it's to be accomplished is another problem. But if they were to be put on a same and equal basis there would be no question in my mind as to what service commuters are going to use. Why would a man drive down Dan Ryan Expressway in the early morning and the early evening to the distraction of his mentality, when he can sit on the commuter train and read the newspaper?

Q. The only solution you see for the commuter problem, Mr. Johnston has to be in the direction of some rational user charges for publicly provided facilities?

A. Certainly.



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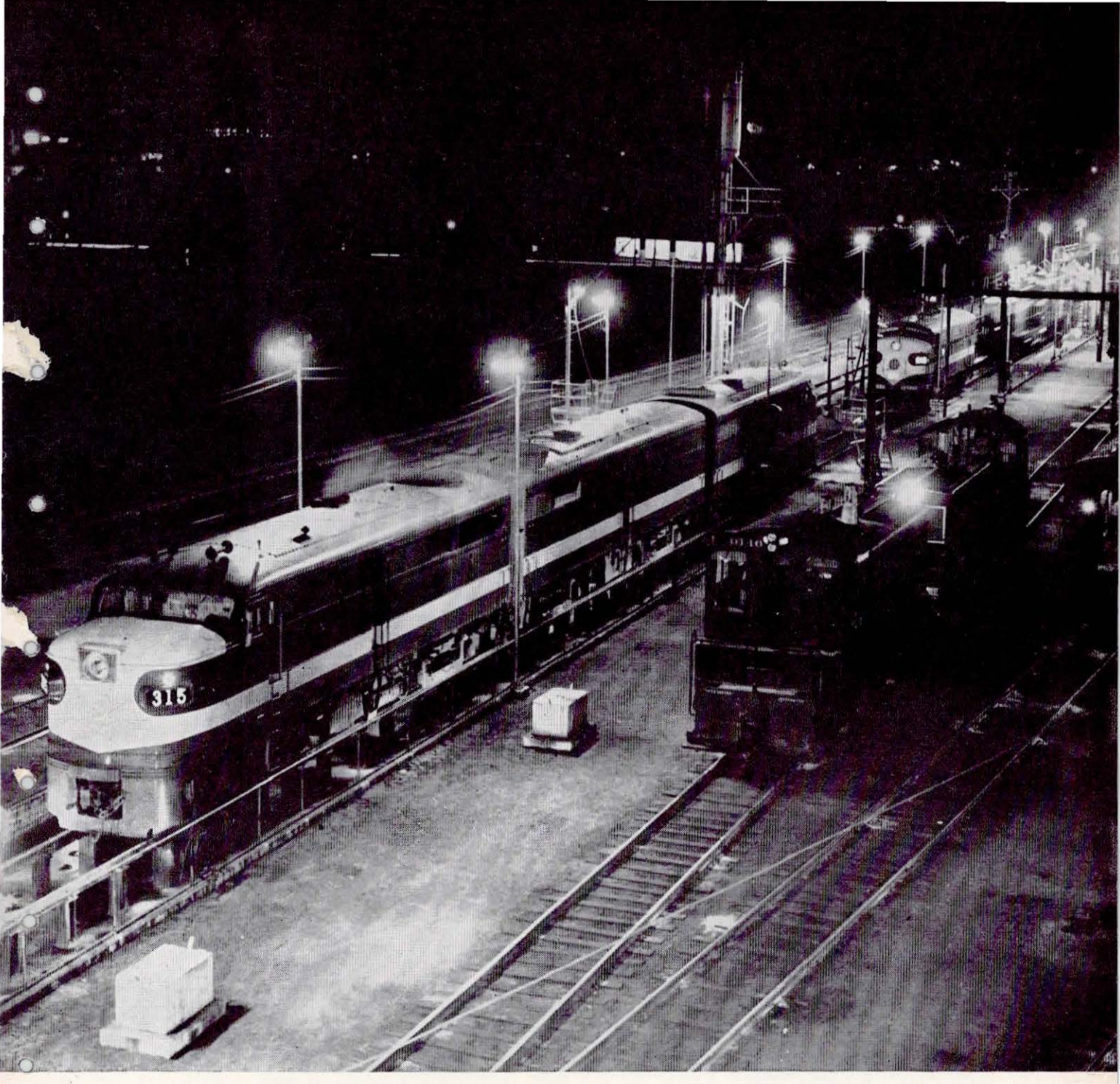

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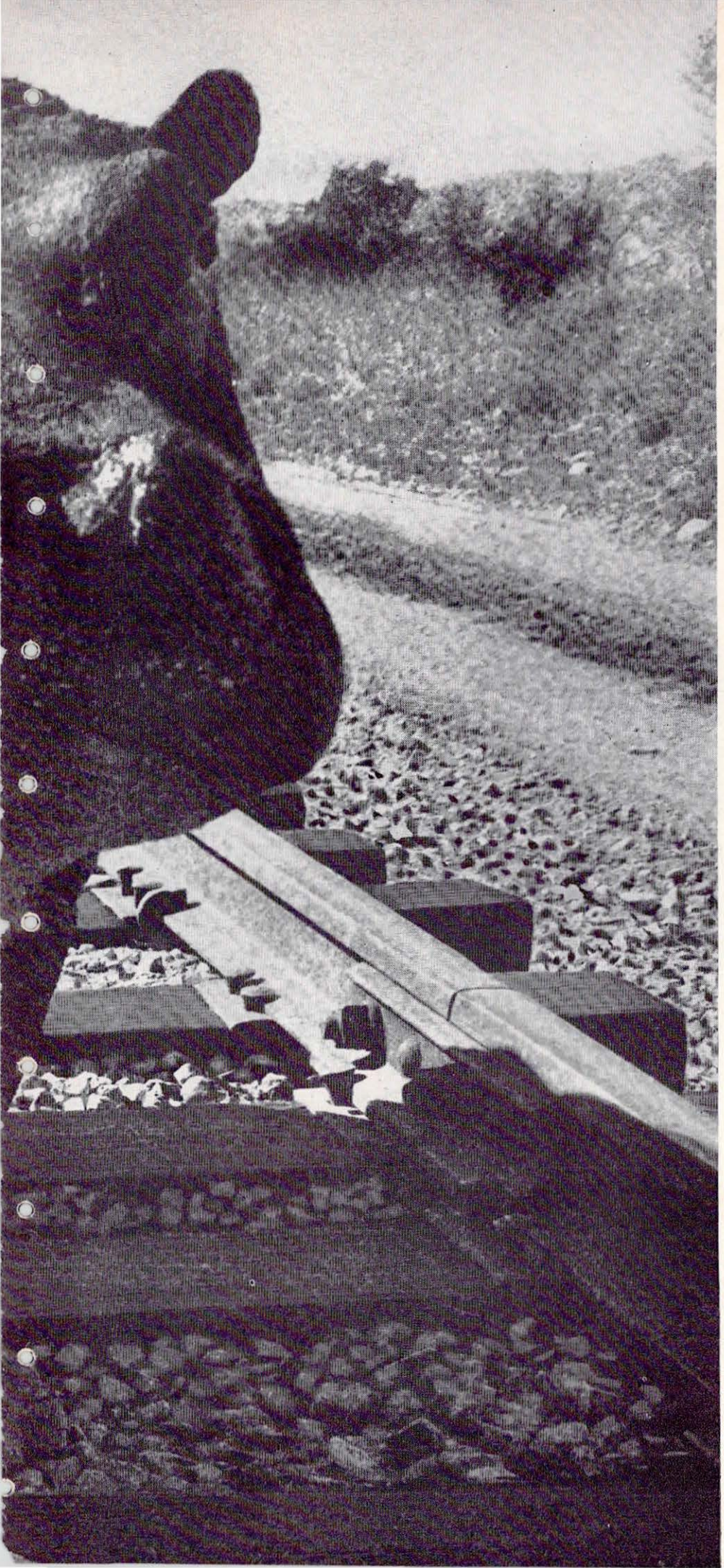

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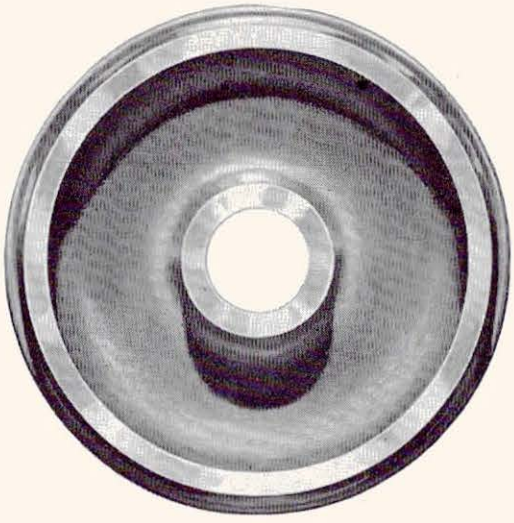

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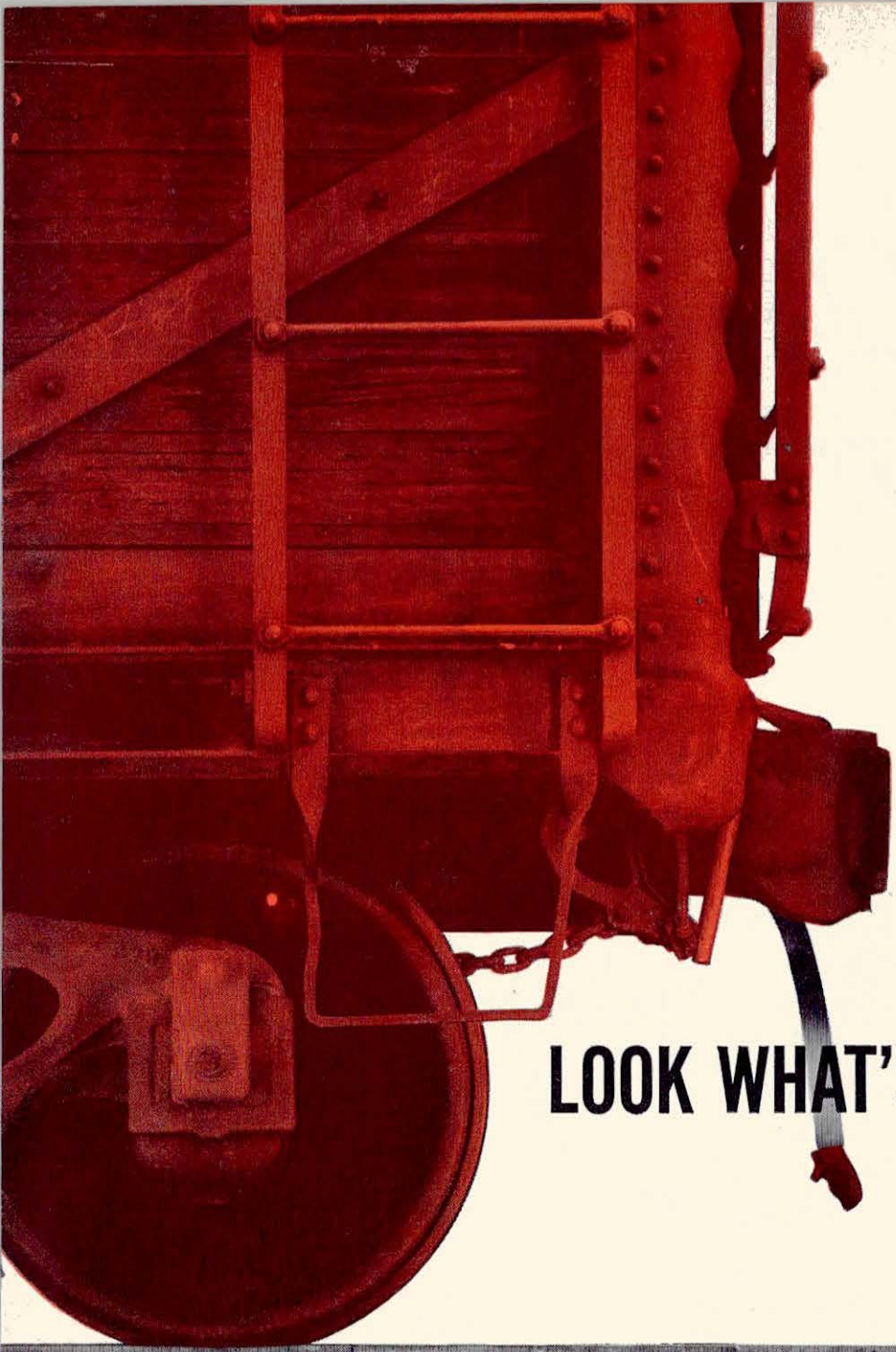

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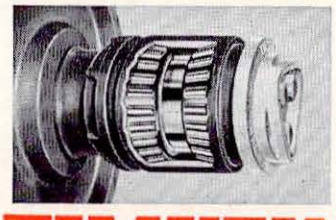

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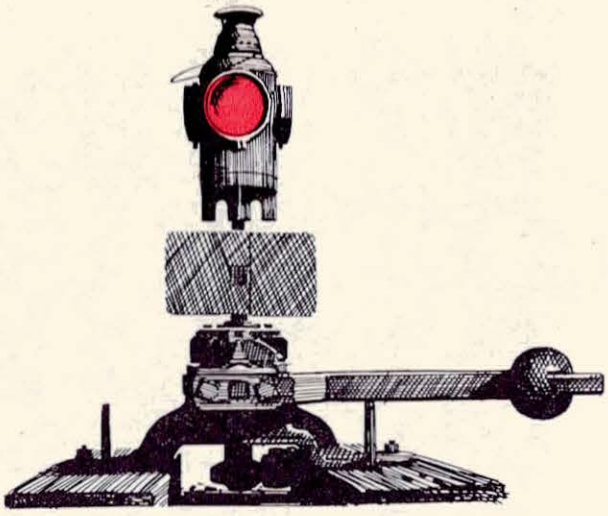
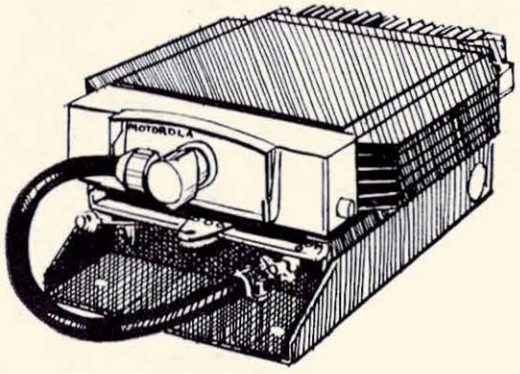


What other kind of switch do you need to run a railroad?



The switch on this radio...flip it for use in engine, caboose, way station

MOTOROLA MOTRAC RADIO

64/12VDC

There's new flexibility . . . new time and money savings possible when you standardize on the basic 64/12VDC MOTRAC radio. Use it on head end 64V power . . . on caboose 12V power . . . on fixed station 117VAC with adaptor. Operation is simple, troublefree. The 64/12VDC CHANGEOVER SWITCH is readily accessible to authorized personnel—voltage may be switched from outside of housing, yet is protected from inadvertent switching. This feature means real money-saving flexibility. You cut costs by reducing the variety of radio that you stock and maintain—find the MOTRAC radio ready for service *when* and *where* it's needed. ■ And you can count on unsurpassed performance! Check and compare Motorola's basic design features that make MOTRAC radio the most reliable communications "tool" ever built: √ THE TRANSISTOR POWER SUPPLY with reliable series switching circuitry, plus THE FULLY TRANSISTORIZED RECEIVER assures month-in, month-out operation with only routine service required. √ THE COMPLETELY ENCLOSED HOUSING keeps your radio circuits clean—why invite trouble from oily dirt or brake shoe dust. Ask your Motorola railroad man for complete details on both AAR and "Universal" models, or Write Dept. ARA 325

MOTOROLA 64/12VDC MOTRAC RAILROAD RADIO

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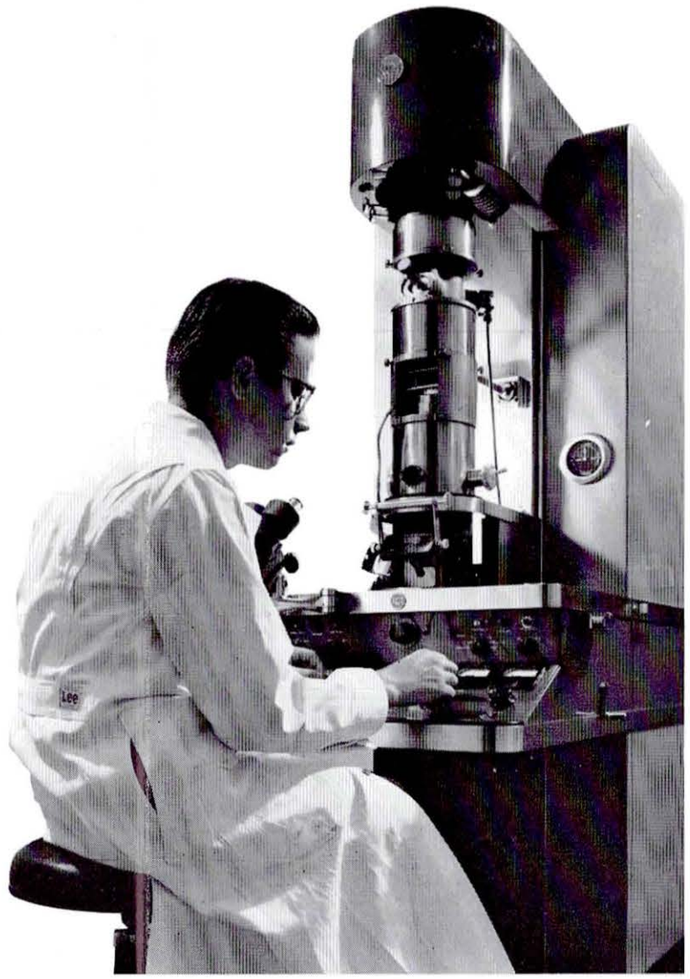
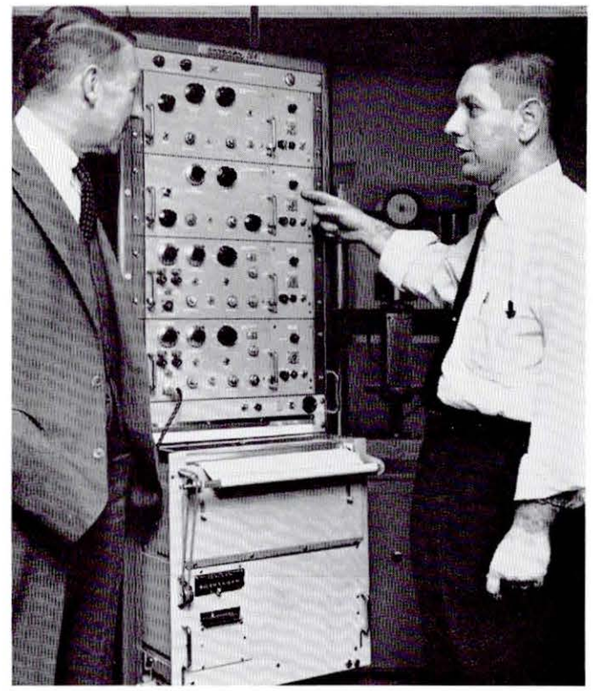
Engineers, technicians, scientists and designers! These are the men of Hyatt's Research Laboratories and the General Motors Technical Center. They work hand in hand, using unique and diversified equipment unequaled in the world today. They spend their time seeking new and better products, improved methods of manufacture. No limits are placed on imagination or creativeness.

At the General Motors Technical Center, GM engineering experience is tapped by Hyatt at any time. Given a project, a talented Tech Center team is formed—problem busters with the appropriate training, interests, skills and experience for the job. Their basic or applied research assumes everything and anything can be improved. The result may be advice, a technical report or a service rendered.

This is the organized curiosity behind Hyatt bearings. This is the difference between top quality and ordinary products. Research—from Hyatt and the vast facilities of the General Motors Tech Center . . . that railroads might profit!

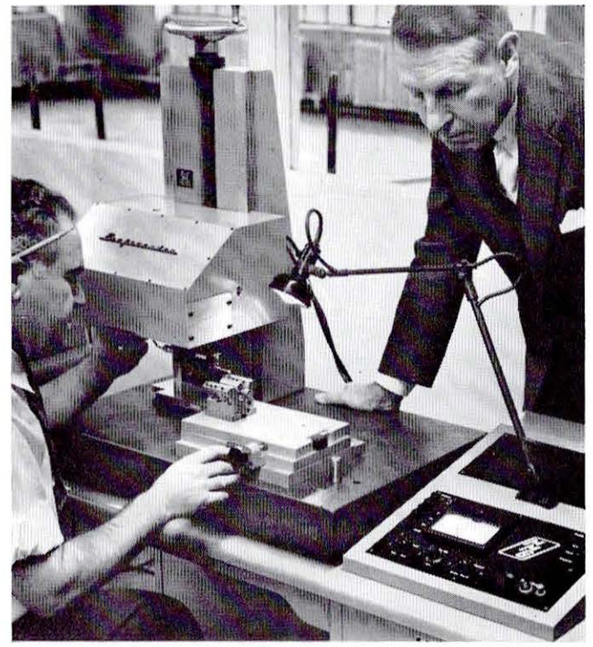


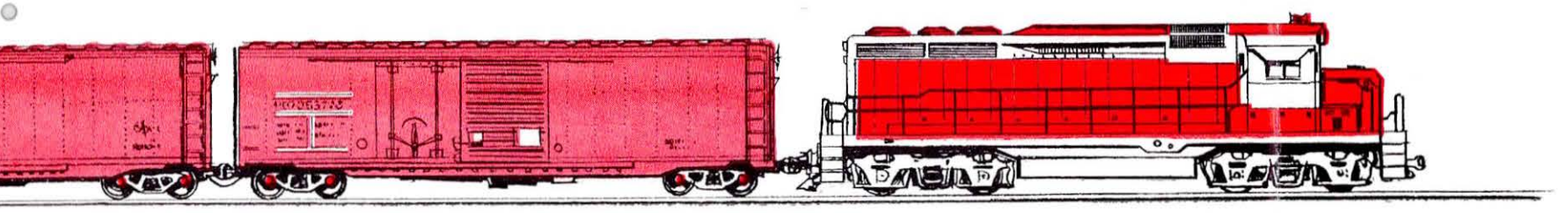
The ELECTRON MICROSCOPE greatly extends the research physicist's horizons at the GM Technical Center.



Five separate precision tests can be produced by ELECTRONIC RECORDER. Results provide Hyatt Test Engineers with permanent data from which to develop progressively improved roller bearing characteristics.

Highly magnified PROFICORDER tracings of various bearing components produced by varying techniques are utilized in Hyatt comparison studies which seek ideal materials and processes.





TRRA Tests New Car Accounting System

A recent demonstration in St. Louis showed how a digital computer linked to railroads via nationwide teletypewriter service can process car-location inquiries in a matter of seconds.

Link a digital computer with a nationwide public communications system, and you have what one railroad officer—Controller Frank Wherry, of the Terminal Railroad Association of St. Louis—calls "a major step toward achieving automated rail car accounting."

Such a computer inquiry system was demonstrated recently in St. Louis. Tied together were a high-speed computer in Massachusetts and the Bell System's teletypewriter exchange (TWX). Use of the TWX system would permit inquiries originating at any of 60,000 TWX terminals in the U.S. to be sent directly to a central computer, which processes in seconds a variety of information on rail car status and automatically transmits the answer to the sending terminal.

Information on specific car location, name of shipper and consignee, type of car, its owner and car number, and the commodities it is carrying are maintained on a master storage file at the computer site. Any of this information can be used to originate an inquiry.

This contrasts with current rail inquiry systems, which require knowledge of car numbers before additional information can be obtained, it was explained by Honeywell Electronic Data Processing officials, who conducted the demonstrations.

During the demonstration, inquiries originating at St. Louis were transmitted to a Honeywell computer at the firm's Needham, Mass., engineering center where the computer automatically processed the inquiry and relayed the answer back, completing a 2,300-mile round trip. No manual intervention was involved from initial input to receipt of the answer. A typical inquiry was processed in about four seconds.

Other information handled by the communications-computer link during the demonstration included rail car status reports, car movement reports, special car control reports and detention reports.

The demonstration was said to be the first that involved the use of a public communications network to handle inquiry traffic to and from a computer. The link with a public Teletype network and a computer was achieved by Honeywell scientists for the first time last year, with development of special interface equipment that permitted computer pulses to be transmitted safely over commercial Teletype lines.

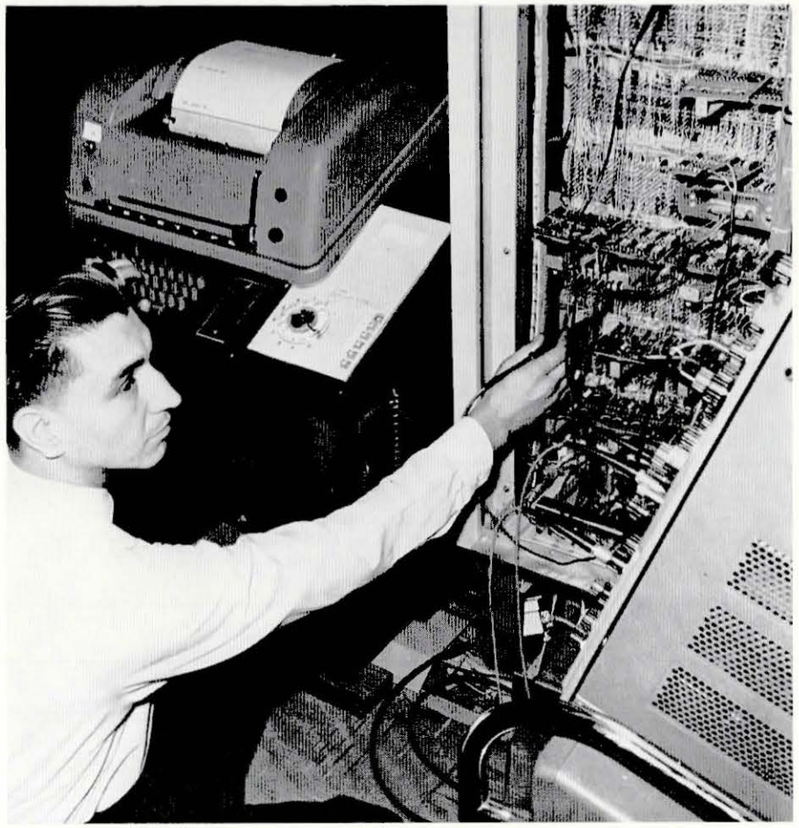
Besides providing instantaneous rail car inquiry information, the computer system can also be used by railroads to maintain records of the location and status of their rolling stock.

By use of the data communications link, a 30-day history of individual rail car movements can be maintained on the computer, from the time a car enters TRRA property until it is routed out to its final destination. (TRRA is participating with Honeywell EDP in a study of the application of computers and data communications in rail car accounting systems.)

In one example, the computer printed out a listing of every car on TRRA property by consignee, including car locations at various yards and the contents of each car.

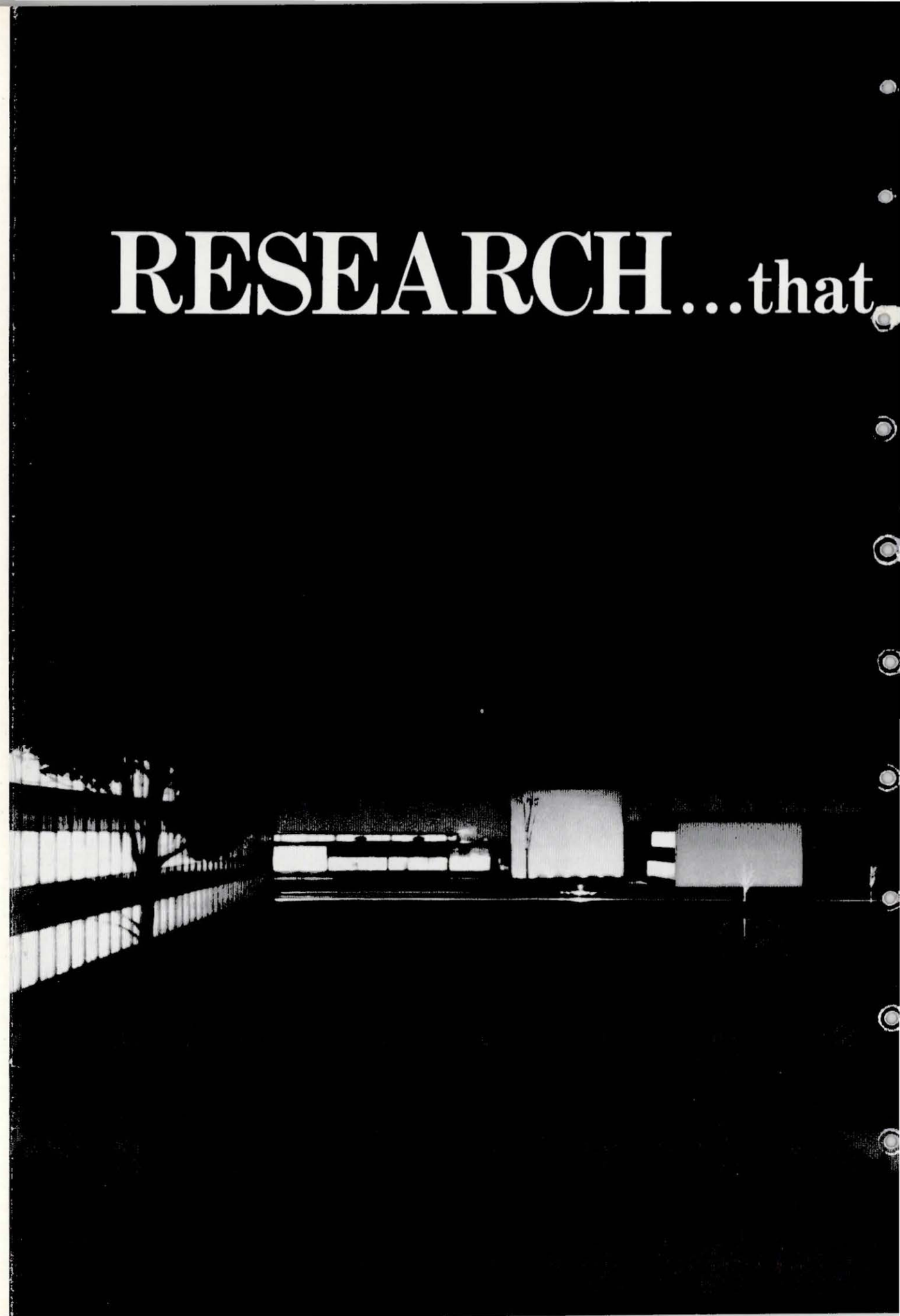
In another instance, the computer was asked to provide a listing of every rail car that had been on TRRA property for more than 18 hours. In seconds, the machine processed the master file and began printing out a list of cars, including the movements of each, the time of detention at each switching yard and the present location.

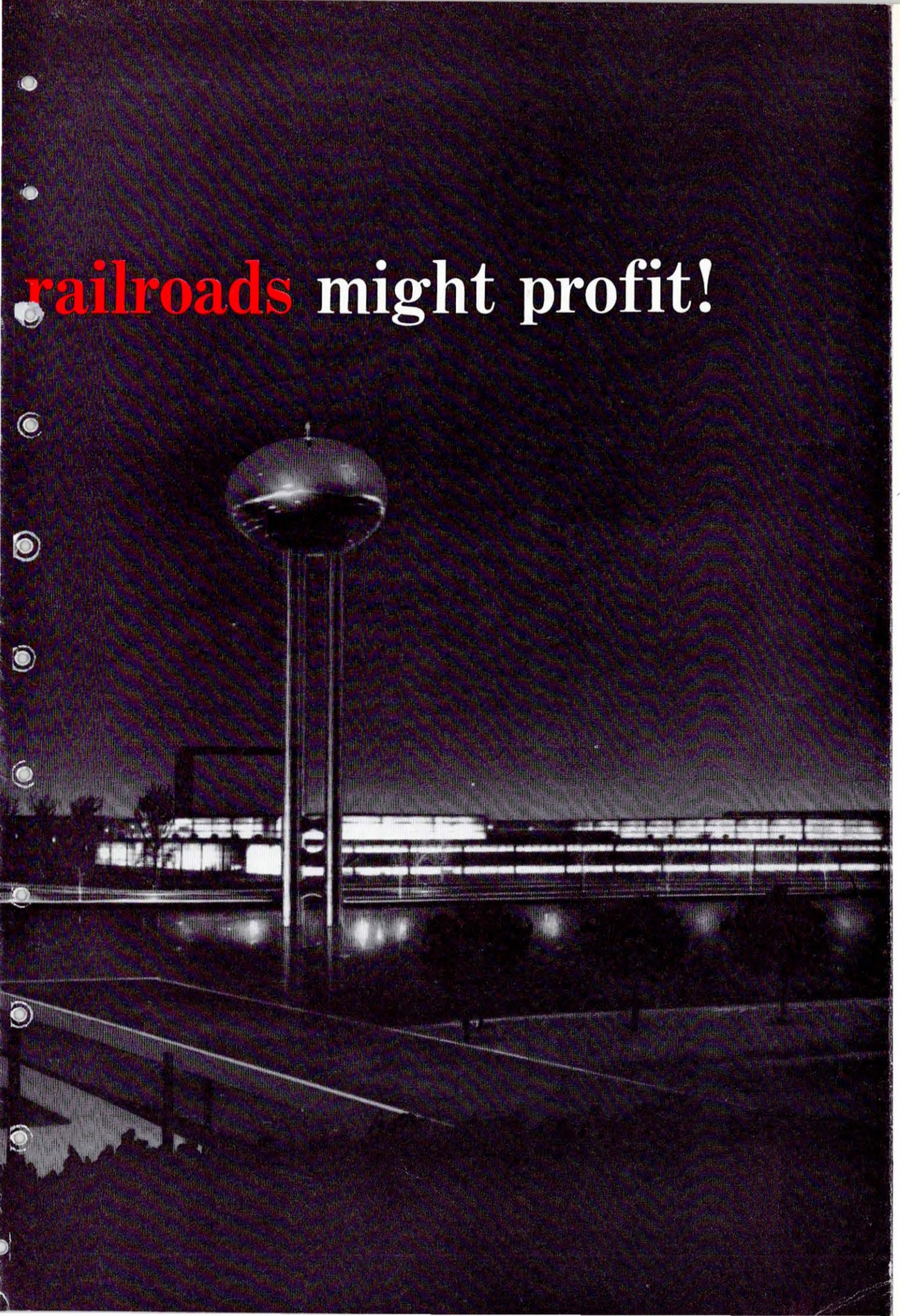
The Honeywell inquiry system has been designed for use with many of the automatic car-recognition and integrated car-accounting techniques which are currently being developed for the railroad industry, Honeywell spokesmen said.



DATA COMMUNICATIONS LINK is checked by a computer engineer. Bell System's TWX service provided the link between TRRA St. Louis headquarters and the Minneapolis-Honeywell computer center at Needham, Mass.

RESEARCH...that





Railroad PR: It's Good and Getting Better—But . . .

How good is railroad public relations? A look around and a sampling of the railroads' "press" (plus a bit of experience and a few pointed conversations) give a quick answer. Railroad PR is good and getting better—especially when the circumstances in which railroad PR operates are taken into account. The past 10 or 15 years have seen significant gains—at least in the area that might best be termed "press relations."

Editors and writers (newspaper, magazine, radio, TV) have found that the railroad public relations representative, by and large, is well-informed and communicative regarding his company's activities; that his information is reliable; that he knows and observes deadlines and other internal problems of the media.

● **PR, early and late.** This acceptance has come slowly. Railroads pioneered in public relations work, but were relative late-comers in giving intensive attention to this field. Their heritage—the alleged "the public be damned" attitude and that sort of thing—made the job a tough one at the start. But able men have made the grade. Generally, railroads today have created a climate of public understanding that would have been unattainable not so many years ago.

The paradoxical part of the whole story is that, while the PR man is accepted and respected on the outside—with his press contacts—he's sometimes looked upon as rather a minor functionary by some people within his own company. And the vital factor in maintaining good PR—the company's actual superior performance—is a matter almost entirely beyond his influence.

The PR man can help, if he's asked. He can tell management what the public is likely to accept and what may bring on a storm of protest. But, not infrequently, he's seen as strictly a staff man—an adviser—and not a line officer with any real clout topside.

● **Where problems start.** The cause of the paradox, so some practitioners contend, may be a lack of a sufficiently specific goal for the company's PR effort. It may be a lack of knowledge within the company of what improved public relations can do. Or, in its most extreme form, it may be a tribute to the PR man's talents—that is, a belief that no matter what a company *does,* the public will accept it if the public relations man makes it sound good enough.

"Sure, I'm supposed to be a molder of public opinion," one baffled PR man comments, "but I ain't no magician."

Other public relations men, of more introspective bent, find bosses easy targets—but perhaps not always the right ones.

"If management doesn't dig PR," observes another student of the business, "whose fault is it but the PR man's? The fault, Dear Brutus, lies not in our stars, but in ourselves."

● **Two obligations.** Practical PR men—on railroads and elsewhere—see a dual responsibility: to produce understanding and a good opinion of their companies; and to avoid gulling the public. Or, as one practitioner puts it, public relations "is establishing a good corporate character and honestly reflecting it."

Good PR, the experts say, rests on a basic management decision to communicate—directly, quickly and (above all) honestly—with employees and customers and the public generally. For the average industrial firm, they point out, this is important. But for the company which must operate in the public eye, in the public interest, under the partial domination of regulators and legislators, this is vital. Problems arise and frustrations multiply when management rejects communications as a useful tool, or fails to put it to work to best advantage.

For railroads, the problems can be especially acute. The heritage from monopoly days still rattles in the closet. With a few managers of the old school—perhaps scorched by a bad press in years past—there may even be deep-rooted unwillingness to tell any outsider anything, anytime. And, occasionally, there's evidence of a communications schizophrenia—where PR is regarded as a tool to be applied when it's judged useful and ignored the rest of the time.

● **PR consultations.** Increasingly, both public relations directors and corporate managements are coming to agree that PR should at least be consulted on decisions where the impact may be considerable on employees, patrons, the public as a whole. Good PR men don't argue that theirs should be the last word around the conference table, or that a proposed move should be shelved because it won't be popular. But they do yearn to be consulted—or, at a minimum, forewarned—on plans with an effect on employee or public relations (and, in the end, on company earnings). Decisions, they understand, can't be based exclusively on PR considerations — but the way those decisions are carried out can either tarnish or brighten a company's image, and the odds are heavily in favor of tarnishing when the story is one of much thought on what to do, and relatively little thought on how to go about it.

One of the main fringe benefits of the railroad merger movement may turn out to be greater respect for what good PR can do. In such major cases, managements have recognized that public support is essential—and public relations staffs have had a chance to show what they can do, in cooperation with other departments of their companies.

These big projects, however, are the "production numbers" of PR—and, just as a musical comedy can fall apart between show-stoppers, so PR can disintegrate if its application and approach aren't consistent.

Most public relations men gauge their effectiveness not so much by the success of a single effort as by the accomplishments of the day-to-day job of communicating between management and the outside world—in short, the development of confidence inside and outside of the company and the maintenance of a consistent, adequate, sustained PR program.

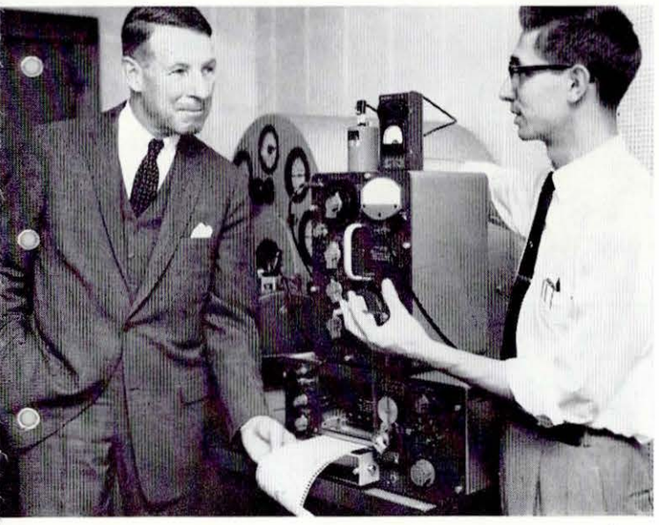
—Gus Welty

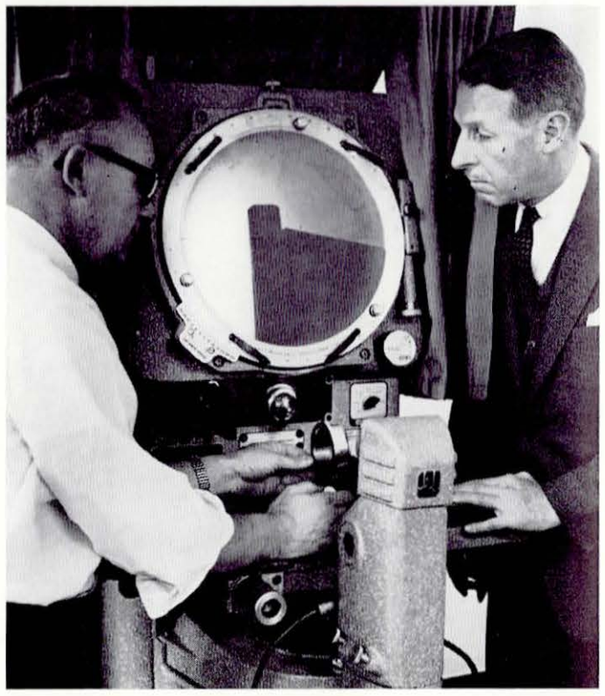
HYATT *taper freight bearings!*

Continuous film strip produced by this ULTRASONIC TESTING EQUIPMENT reveals the minute flaws inherent in specific steel melts . . . help Hyatt metallurgical experts develop longer bearing life and improved bearing performance.

Hyatt Metrology Laboratory includes an OPTICAL COMPARATOR. This useful instrument permits superfine examinations and measurements of bearing component configurations.

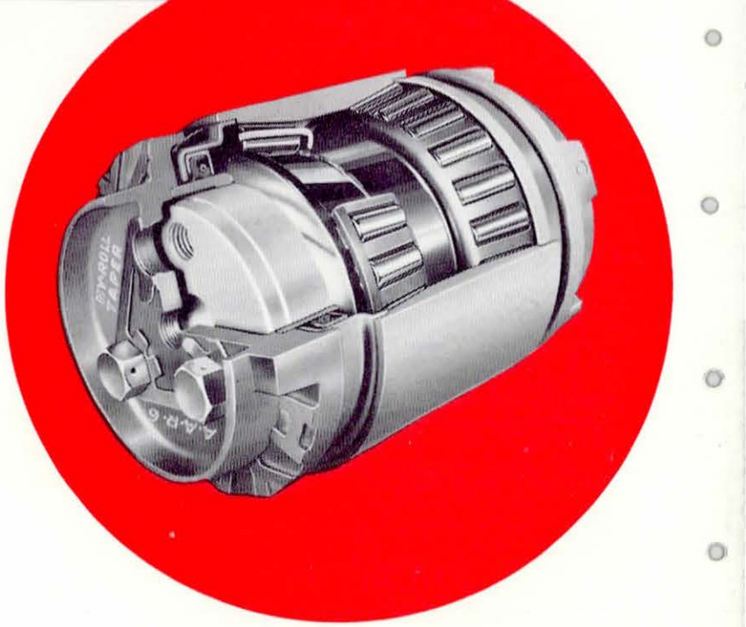
Hyatt's spring-mounted, soundproofed NOISE TEST ROOM includes noise measurement equipment operated by highly skilled bearing and sound technicians. Equipment duplicates actual operating environment, records and compares noise in conjunction with Hyatt's continuing search for quieter, higher-capacity roller bearings.





Hyatt Railroad Bearing Laboratory includes eight ingenious test stands which subject Hyatt taper freight bearings to severe loads, high speeds and lateral thrusts.

. . . so when you're ordering bearings, remember the rich reservoir of research that backs Hyatt taper freight bearings!



HYATT *HY-ROLL BEARINGS*
FOR NON-STOP FREIGHT

GM GENERAL MOTORS

HYATT BEARINGS DIVISION • GENERAL MOTORS CORPORATION • HARRISON, NEW JERSEY

Mackie Asks U.S. Agency Coordination

Congress should transfer to the Undersecretary of Commerce for Transportation responsibility for all major promotional functions in the transportation field that are now being handled by other agencies.

Such action was recommended by Chairman David I. Mackie of the Eastern Railroad Presidents Conference at a meeting of the National Freight Traffic Association June 2-5 in White Sulphur Springs, W. Va. He said he advanced this proposal because it appears unlikely that a cabinet-rank Secretary of Transportation will be created in the near future.

"My long-standing advocacy of combining federal transport *promotional* activities under a federal department of transportation in the executive branch has always been predicated upon the need to coordinate those activities," he said. "It is this immense promotional and assistive activity of government which is of greatest concern—more so than even regulatory inequalities—because it has produced an excess of transport capacity to the long-term detriment of all forms of commercial transportation."

Mr. Mackie said that in the last ten years federal, state and local governments have spent more of the taxpayers' money ($104 billion) on highway, waterway and airline facilities, including cash subsidies to airlines, than aggregate operating revenues ($98 billion) of the railroad industry.

"As it stands today," he told the audience, "every agency of government with transport promotional authority goes its uncoordinated way, looking after its particular charges at taxpayer expense."

Under Mr. Mackie's proposal, the Transportation Undersecretary would have jurisdiction over functions of the Board of Engineers for Rivers and Harbors and the Chief of Engineers, U. S. Army Corps of Engineers, with respect to construction, improvement and maintenance of river and harbor projects and other projects that involve navigation; functions of the Coast Guard regarding aids to navigation on inland waterways; and promotional functions of the Administrator of the Federal Aviation Agency, and of the Civil Aeronautics Board.

RAILROADING AFTER HOURS WITH JIM LYNE

LYNE

SISSIFIED PLACE NAMES—Division Engineer W. S. M. Davidson on the CP at Lethbridge, Alta., tells me the company tried its best to retain local names when it built through Western Canada. Many such names were Indian, or translations of Indian words (e.g., Winnipeg, Moose Jaw, Medicine Hat)—but railway people ran into difficulties with "Whisky Gap." This was an appropriate and authentic name, applied because the route had actually been used by liquor smugglers. A religious sect in the area didn't like the name, however, but the national Geographic Board did, and the name stuck.

In another case there was a place called "Leavings," because it marked the spot where a trail took leave of a valley it had been following. The townspeople didn't much like a name that sounded rather uncomplimentary, so the name was changed to Granum. My own inclination is to believe that a rough sort-of name can be lived with, but a nondescript or over-prettified one can hardly give lasting satisfaction.

TRANSPORT ECONOMICS IN DETROIT—A fellow was telling me the other day of a case of compounded subsidies in the Detroit area. A river is being kept navigable, at the taxpayers' expense, to provide "cheap" transportation for a big manufacturer. This river has to be bridged for a super-highway—which, of course, must have a high-level crossing (since a drawbridge would, occasionally, interrupt highway traffic).

In order that the high-level bridge should not slow down trucks on the highway, gradients have to be held down to less than 2%, which means that bridge approaches have to be 1.5 miles long on both sides of the river. This will run into money. These millions of added expense are happily incurred, of course, because the fellows that get the benefits don't have to pay any more toward the costs than the rest of us unbenefited taxpayers do.

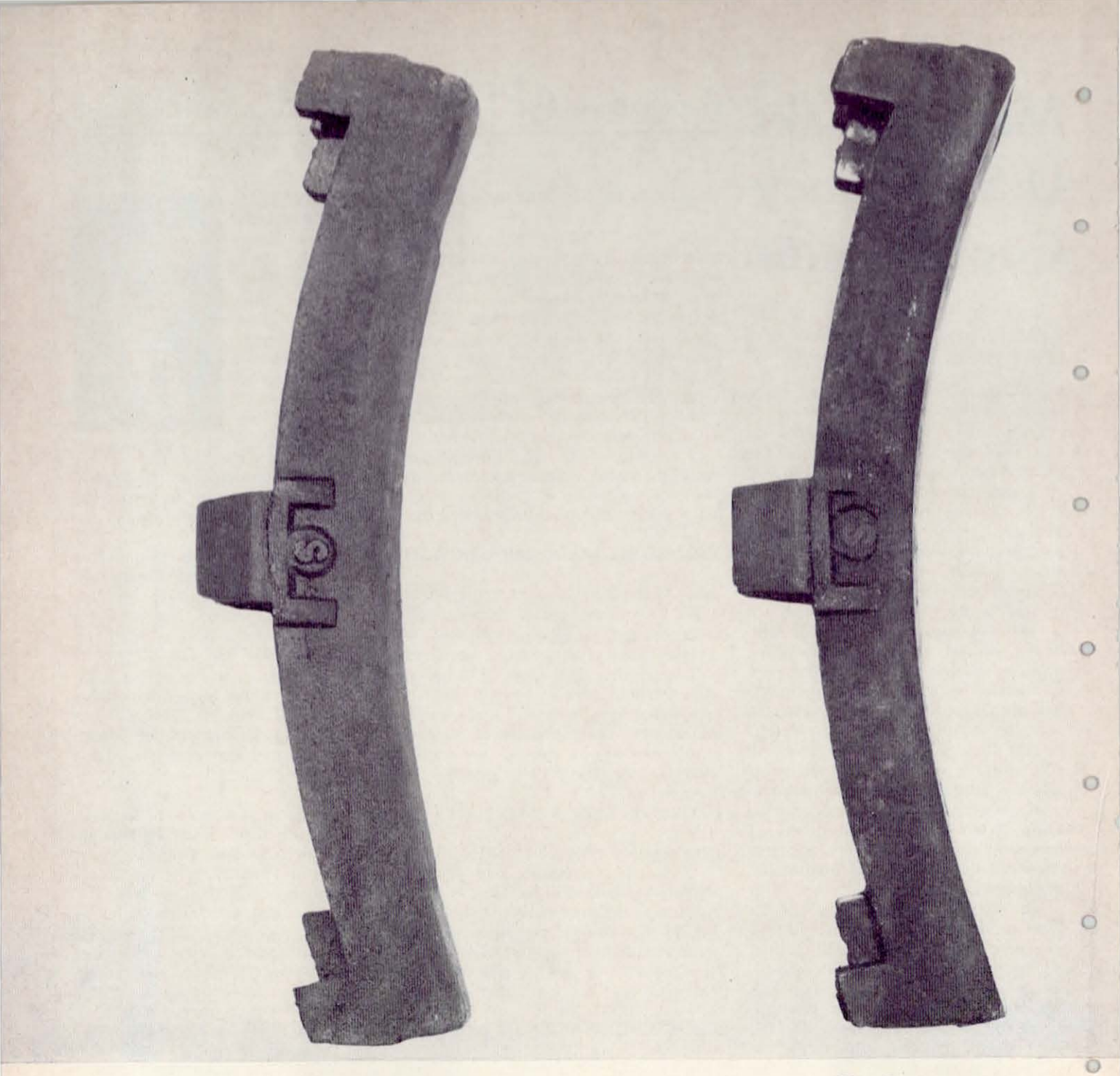
GEOLOGY AND RAILROADS—Railroads and geological interest are such natural companions that I knew I'd turn up some tangible evidence of collaboration, if I kept at it. So now along has come C. E. Hayden, passenger rate officer for the UP at Portland, with a mimeographed logbook of a geologists' trip from Portland over the SP&S to Wishram, Wash., and thence over the Oregon Trunk to Madras, Ore. Every mile or so on the 211-mile route a significant geological feature is pointed out in the booklet—features that can be observed from the train. Also included in the log-booklet is an account of the historic contest between Hill and Harriman over a line from the north into California.

KEEPING OUR PLANES THE FASTEST—I saw President Kennedy on the TV when he announced his plan for developing a commercial plane three times faster than sound. Somewhere I read that Uncle Sam will lay out $1 billion of our money on this project.

I am in favor of maintaining our national prestige. If face-saving requires our airlines to have faster planes than the Russians and our European friends, then let's spend the money and save our faces. What puzzles me a little, though, is why it's necessary to spend so much money to maintain the prestige of our airlines and our ocean liners, while railroads can run around with patches in their pants and (seemingly) national prestige is not hurt at all.

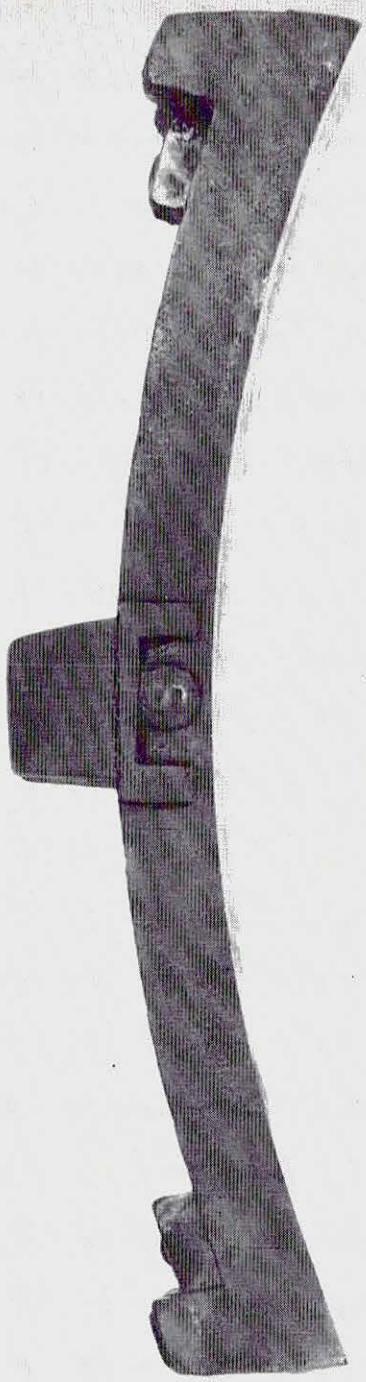
CABOOSE, CABIN OR VAN?—When it comes to railroad terms there isn't just one English language but (as most of us have occasionally noticed) at least two—English English and American English (to which latter Canadian English is closely parallel). As far as railroading goes, there is more than one Spanish language, too (that of Mexico, for instance, differing widely from Argentina's).

But how about localized railroad terms right here in North America? Take the common term "caboose." On the Pennsylvania, as I recall, it's a "cabin car" and, in at least some parts of Canada, it's a "van." Omitting such slang terms as "doghouse" or "crummy," are there other variations for caboose in North America? Has anybody noticed any other marked variations in railroad terms from road to road or from one area to another?



1st year **2nd year**

for rugged freight service...



3rd year

4th year

...nothing beats metal for durability

Durable metal brake shoes average 3 to 4 years in punishing freight service. Other more costly materials would have to last years longer to provide equal braking at the same cost.

The plain facts of railroad experience show that METAL is the only brake shoe material that combines this durability with complete braking dependability and economy. Here's why:

1. *Metal Brake Shoes are thoroughly reinforced, inside and out, to meet today's braking requirements.*
2. *Metal brake shoes cost less.*
3. *Metal brake shoes cause less wheel wear.*
4. *Only metal brake shoes give dependable, predictable braking under all conditions.*

For dependable, economical braking under all conditions, specify METAL brake shoes by American Brake Shoe Company. Engineered to take it, they give more braking for your brake shoe dollar. Railroad Products Division, 530 Fifth Avenue, New York 36, N. Y.

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ALCO'S CENTURY 424

This is the first Century Series Locomotive to roll off ALCO's assembly line—part of an order now being completed for the Erie-Lackawanna Railroad. It signals a new era in modern motive-power.

The three current models in ALCO's Century Series—Century 420, 424, and 624—now offer you greater locomotive flexibility than ever before. And new Century Series locomotives will soon be added to keep pace with railroad needs in all types of service.

Every Century Series model combines high reliability with lower operating costs. Horsepower-for-horsepower, the ALCO Century's operating costs are as much as 44% lower than units more than 10 years old. Result: lower cost per ton-mile, and significantly higher profits.

Among the Century Series' maintenance features are a new air-handling system for filtered cooling of generator and traction motors, and a pressurized engine hood. And each Century unit is powered by ALCO's famous 251 diesel engine—world-standard of reliability.

No other locomotive offers the advantages built into ALCO's Century Series. Each unit is designed to suit your specific requirements. For complete information, contact your ALCO sales representative today.

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At Chicago & North Western Railway, N-S-F installation time is only 28 man hours per floor.

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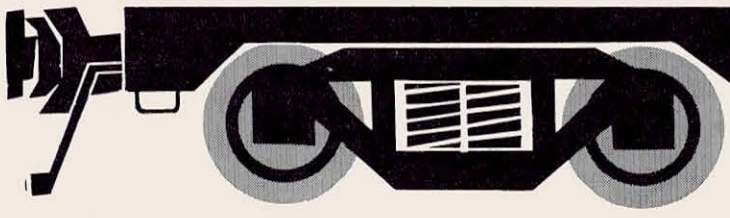
Replacing with **N-S-F** gives you a better floor in every way. With its patented design putting strength where it's needed, **N-S-F** takes all types of lading with ease, all kinds of punishment without buckling. It is durable, sturdy flooring that'll go years without needing repairs. Made of rugged GLX-W steel and welded directly to the underframe, **N-S-F** adds strength to the entire car—especially in the bolster area.



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TOUGH AS THE OLD ONE SHOULD HAVE BEEN

Every day, as original or replacement flooring, **N-S-F** is paying for itself many times over for all major railroads. It's so dependable, in fact, that we guarantee it in writing. For more information, write or call us.

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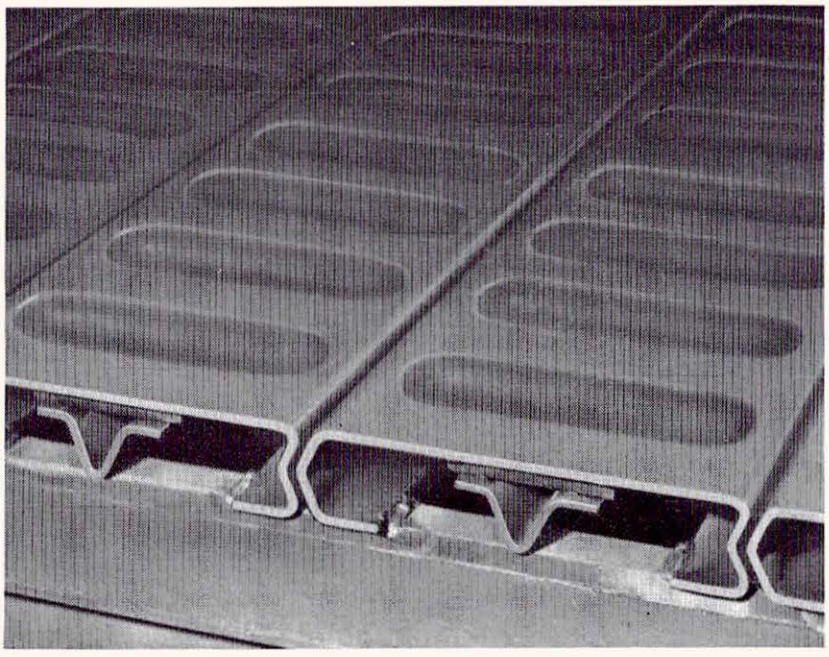
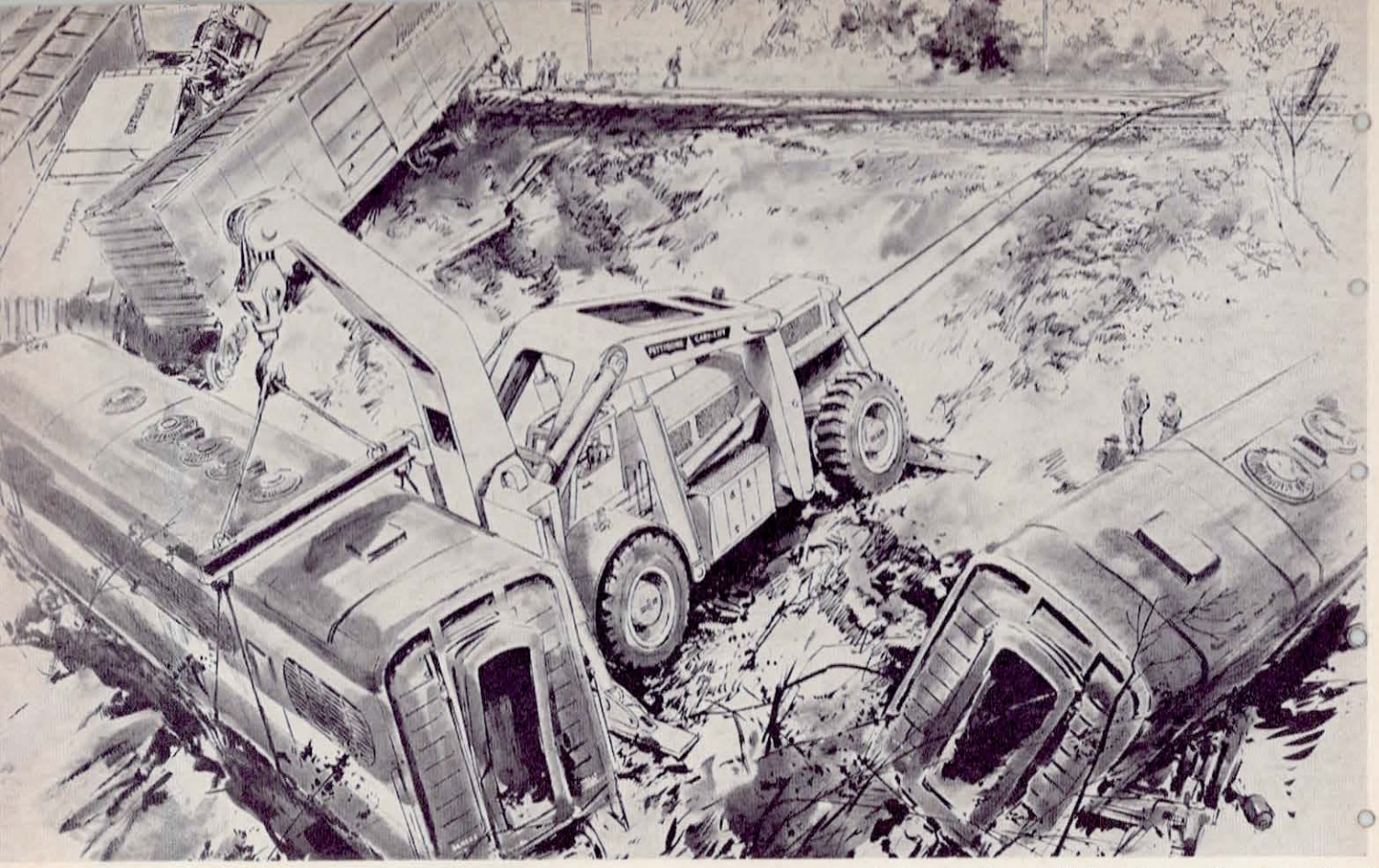


Patented N-S-F design provides high strength. Many types available to meet varied load requirements.



Outriggers extended and cables stretching to a 'deadman' at track level, the unit hoists a diesel and, with

Wrecking Crane Has Off-Track Mobility

The rubber-tired 'Wreckmaster 200,' hauled to a derailment on a special rail car, can range freely over the ground wherever it's needed. Maximum rated lift capacity is 400,000 pounds.

Many railway officers responsible for clearing derailments have doubtless, at one time or another, yearned for a "big hook" capable of operating independently of the track.

A unit is now being offered that is designed to fill such a need. It is in the form of a four-wheeled, rubber-tired vehicle fitted with a jib-boom for heavy lifting and a number of winches for a variety of pulling jobs. The machine will be taken to the site of a derailment on a specially designed drop-center rail car. This car will be so fitted that it will serve as the supply base for the machine when it is working at a derailment.

• **Dual lift rating.** The machine has a dual lift-capacity rating. The basic rating is 200,000 pounds at a four-foot load center. The machine, says the manufacturer, is capable of picking up a load of this amount and traveling with it according to ground conditions.

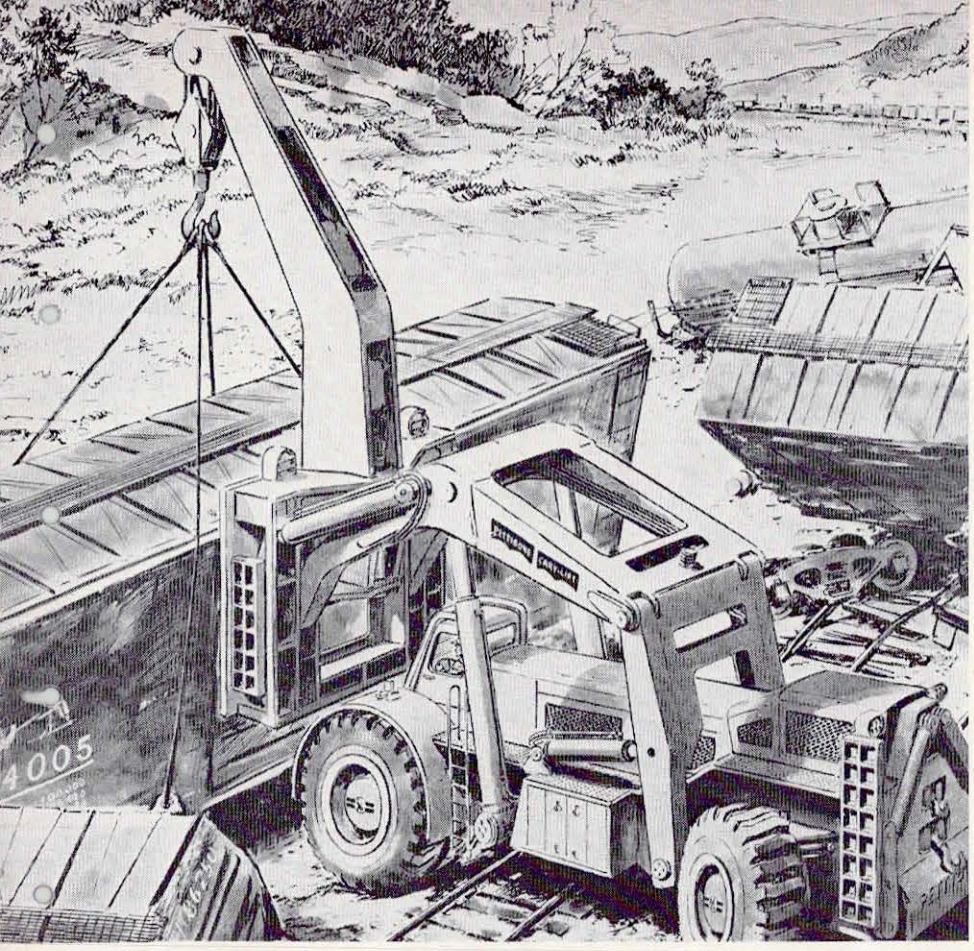
The second rating is a lift capacity in excess of 400,000 pounds. This rating applies when the base of the jib boom is resting on the ground. Outriggers at the front and rear of the machine are brought into use when the jib boom is in this position, or at any other time they may be needed.

Both front and rear outriggers are said to have sufficient power to lift the machine off the ground. The spread of the front outriggers when in position on the ground is 23 feet 4 inches and that of the rear outriggers is 20 feet 8 inches. Both sets of outriggers will go lower than ground level.

• **Two special features.** The machine that offers these capabilities is known as the "Wreckmaster 200," and was developed by the Pettibone-Mercury Corp., Portland, Ore., a subsidiary of Pettibone Mulliken Corp. The basic design is in accordance with the line of Cary-Life machines manufactured by Pettibone-Mercury. The special characteristics are attributed primarily to two features. One is the "forward reach" principle of the Cary-Lift, and the other is the fact that each wheel of this unit is a General Electric Motorized Wheel.

In the Cary-Lift the jib boom and its base are mounted on the front of a heavy steel frame with hinged connections, which is actuated by hydraulic cylinders. It is this construction that provides the "forward reach" of the jib boom. The Cary-Lift has been available for a number of years but heretofore it has not been manufactured in capacities higher than 70,000 pounds, although designs with capacities ranging up to 175,000 pounds were introduced last year.

In each of the Motorized Wheels a locomotive traction-type motor with an integral gear reduction unit is mounted within the hub of the wheel. The hub is actually a heavy steel barrel joined to a large mounting flange which pro-



outriggers retracted, it lifts a derailed box car.

vides a means of attaching the wheel to the vehicle. Power is supplied to the wheels from an engine-driven generator.

The wheel motors are force-ventilated with clean air for longer brush life and higher current rating. Each wheel contains an aircraft-type caliper disk brake for parking and low-speed service applications.

● **Extra equipment.** Power for operating the Wreckmaster is provided by a Cummins 12-cylinder 700-horsepower diesel engine. Built into the machine is a variety of extra equipment. This includes a portable 85-cubic-feet-per-minute air compressor for operating air tools and a 225-ampere ac-dc welder and power plant which can be used for operating 115-volt tools such as chain saws, impact tools and chippers. These tools may be stored in large lockers on each side of the machine. A complete cutting outfit, including two-stage regulators and a variety of cutting tips, will be provided.

All hydraulic controls are by manual valves, and all controls for movements of the machine are electrical. With the operator facing forward, all hydraulic controls will be at the operator's right and left hands. The electrical controls will be in front of the operator.

● **Hydraulic winches.** Five basic winches are featured on the Wreckmaster, all of which are hydraulically operated and have automatic brake lockup until hydraulic pressure is applied. All the winches are fitted with high and low gears for two-speed transmission. Winches in the front and rear, located in the main body of the machine, have a line pull of 90,000 pounds and are fitted with 1¼-inch wire rope. Both operate through fairleads and both may be used as multiple-part line winches. The main jib-boom winch is identical, except that it will have a wider drum and will be fitted with 1⅛-inch wire rope. As many as six parts of line may be used on this winch.

Auxiliary winches will have a line-pull of 35,000 pounds and will be fitted with ⅝-inch wire rope. These winches can be used as multiple-part line winches for any jobs within their capacity. Their most important function will be to "yard out" the hooks of the larger winches.

● **Attachments.** It is pointed out that almost any attachment may be fitted to the Wreckmaster, including those requiring several hydraulic or electric circuits. Attachments that may be used include buckets up to 30 cubic yards in size, crane booms or goosenecks of almost any size, dozer blades up to 16 feet in width, forks, grabs, magnets, and rotating or shifting carriages.

Buckets for use with the machine are bottom-dump types of heavy construction, and are fitted with heavy replaceable-point digging teeth. While the breakout force would be difficult to calculate, it is pointed out that, since the tilt cylinders have enough power to raise the rear wheels off the ground, the weight of the machine back of the front wheels can be applied to the digging lip of the bucket. The lip of the bottom-dump door is said to be so constructed that when it is in the open position, the lip may be used as a dozer blade for various kinds of light clean-up work.

● **The drop-center car.** One end of the special drop-center car that will be used for transporting the Wreckmaster will incorporate a ramp that can be raised or lowered by the machine itself. The opposite end of the car will be fitted with the boom rest and devices for quickly locking the boom in place. Only the sides of the car will be depressed.

Strength added

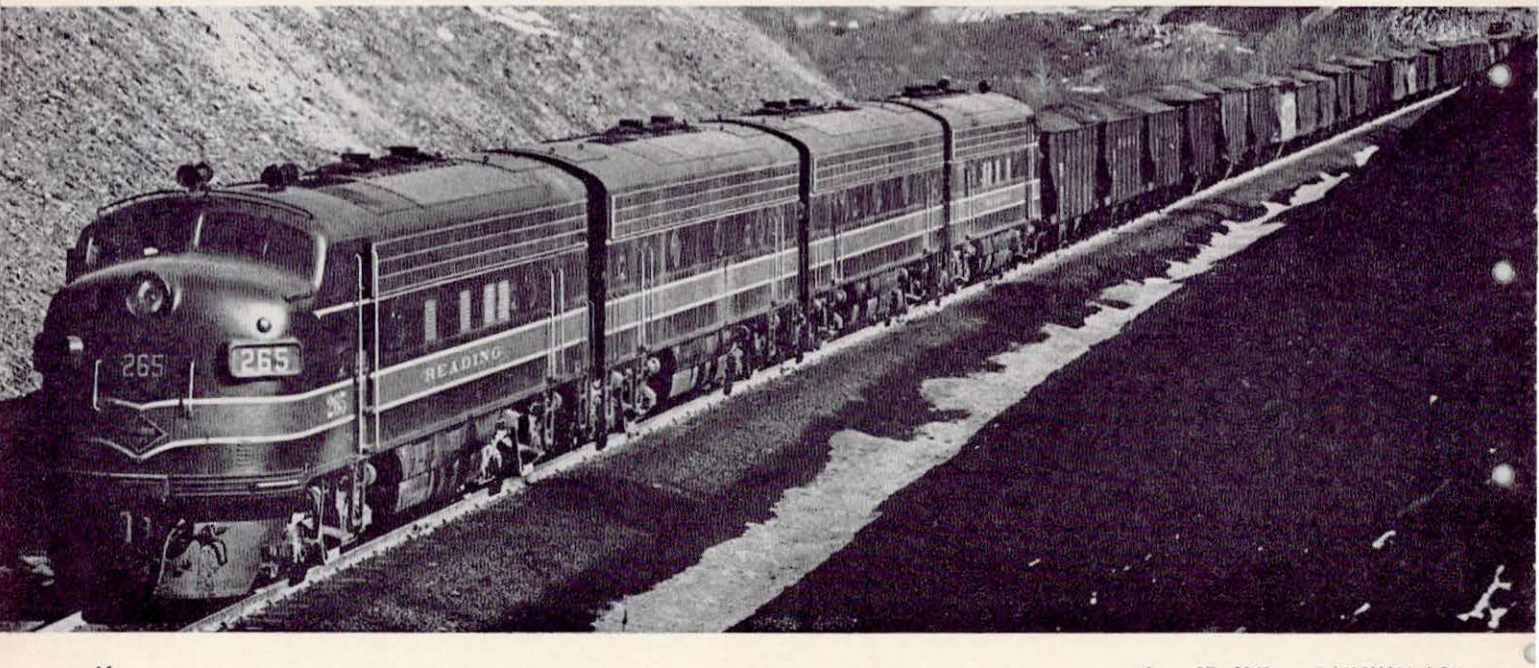
The center section will be about two feet higher than the depressed sides and will be about two feet wide. It is pointed out that this center section will serve the twofold purpose of giving strength to the car and of preventing the machine from shifting laterally. Additional chocks will flip into place so that the machine will be locked in place in all directions. The center section will also serve as a locker for such things as cable slings, strongbacks and special clips.

The area under the boom rest will contain fuel tanks large enough to keep the machine supplied for ten operating days.

● **Getting more flotation.** The air supply for the machine is said to be adequate for fast flotation of tires. Therefore, if additional flotation in soft ground is desired the air pressure in the tires may be reduced. If it should be necessary to travel long distances on a single-track railroad, air pressure on the two inner dual tires at the front of the machine may be reduced to 30 pounds per square inch. These two tires will then, it is pointed out, envelope the rail without damage to the tires. When the machine reaches the work area these two tires may be quickly reinflated from the machine's own air supply.

If a derailment should occur in an area with deep snow on the ground, the manufacturer suggests the possibility of using Pettibone Speedthrow snow blowers. These units are built in two widths —eight feet and 10 feet. They may be used as single or double units. As double units the snow would be cut 16 feet wide or 20 feet wide. The cutting height of the Pettibone Speedthrow snow blower is four feet.

Stepped-up anthracite sales abroad will create more scenes like these: Giant power shovels stripping the coal, Reading moving it in solid trainloads to the railroad's Delaware River coal piers.



Reading Promotes Overseas Coal Sales

'Important increases' in anthracite exports are expected, as a result of the railroad's efforts to open up new markets overseas. The new-business potential: 100,000 carloads annually.

Anthracite coal producers and the railroads, working together to serve America's first iron mills, were largely responsible for the initial industrialization of the United States.

As bituminous coal took over most industrial energy applications, anthracite became the standard domestic fuel to heat most of the homes on the populous Atlantic seaboard. Production reached a peak of 70 million tons in 1930, then started a sharp decline broken only during World War II. Production for 1944 snapped back to 63 million tons, then declined precipitously to just 16 million tons a year ago.

The effect on the Reading, whose lines serve 35% of the anthracite mines and connect with all other originating roads, is obvious. Reading's management, in looking for new outlets, has turned to Europe. Here's the story as told in an interview by Reading's director of coal traffic, John W. Stewart, Reading veteran of 36 years—with 19 in coal—who is spearheading a drive for increased export sales. The stakes? A potential of 100,000 carloads of new business each year for the next decade.

Q. Mr. Stewart, I understand you have just returned from a tour of the Common Market countries to explore the opportunities for expanding anthracite coal sales abroad. Could you brief us on your tour?

A. Yes. I called on more than two dozen importers in 14 cities. I was most cordially received and have reason to believe that we can expect important increases as a result of this sales effort.

Q. Has there been, in the past, an export market for U.S. anthracite?

A. In only four years. Anthracite was exported in 1947 and 1948, and again in 1955 and 1956. Not until recently has the real market developed—1,750,000 tons last year, or more than 10% of all production.

Q. Anthracite is available in other countries, even in some to which you are exporting. That's like carrying coals to Newcastle, isn't it? How can Pennsylvania coal compete?

A. Well, anthracite is produced in Belgium, Germany, Wales, Poland, Russia, South Africa, Australia and Indonesia. Our coal competes on price. How is this possible? First, our coal is strip-mined with highly efficient, gigantic power shovels. Then it is moved over our railroad, usually in 55-ton cars, in trains of 120 to 150 cars each. Most anthracite is transshipped at the Reading's modern, high-capacity facility at Port Richmond. And last, but not least, modern, self-trimming colliers with capacities up to 28,000 tons have brought ocean shipping costs 'way down. Belgian and German mines are very deep and cost of extraction is high. Welsh mines are hardly mechanized at all. South African coal is of lesser quality. Russian and Polish coal is good.

Q. How can coal mined in Pennsylvania compete with Russia and Poland, then?

A. One of the facts I developed from my European trip is that these buyers prefer to deal with the United States. One very practical reason is that they lack confidence in Iron-Curtain sources of supply. Politics, the importers feel, can snuff out their source or adversely affect price without warning.

Q. Who are the users abroad?

A. Users are mostly home owners. The U.S. Air Force is a big user overseas, too. Few European homes are centrally heated. Anthracite, mostly Pea or Buckwheat or Briquettes, is used in space heaters. The aggregate demand is large.

Q. How large?

A. Large enough that we are convinced the export volume can quickly swell to five million tons, three times what it was last year. And this volume should be sustained for the next ten years.

Q. Is the Common Market your only new source?

A. We don't think so. We are investigating potentialities in Japan and may look at the rest of Europe, too.

Q. All in all, you are well satisfied with the worth of your overseas sales venture?

A. Well satisfied. Well satisfied, indeed.

This lantern

Thanks to Adlake balanced ventilation, this oil lantern stays lit regardless of wind and weather. What's more, it takes the roughest abuse in stride. Adlake oil lanterns earned their reputation for reliability over a century ago. Continued improvement makes them even more dependable today. For full information about oil lanterns or other Adlake products for the industry, call your Adlake Man or Adlake direct.

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George M. Beischer
B&O

R. Knox Bradford
D&RGW

C. J. Harbeke
D&RGW

C. R. Lennig
D&RGW

PEOPLE IN THE NEWS

BALTIMORE & OHIO.—**George M. Beischer,** assistant chief mechanical officer, Baltimore, promoted to chief mechanical officer there, succeeding **Elmer A. Kuhn,** retired after more than 40 years in railroading.

Stephen F. Taylor appointed regional sales manager—trailer service, Philadelphia. **LeRoy M. Quigley** succeeds Mr. Taylor as district sales manager—perishable and livestock, Philadelphia.

CHICAGO, WEST PULLMAN & SOUTHERN.—**Norman W. Hillegass** appointed chief engineer, with office at 2728 East 104th Street, Chicago 17.

DELAWARE & HUDSON.—**Richard H. George** appointed freight traffic manager, Albany, succeeding **William R. St. John,** retired. Mr. George was formerly district sales manager, **Pennsylvania.**

DENVER & RIO GRANDE WESTERN.—**R. Knox Bradford,** vice president—traffic, elected senior vice president. **C. J. Harbeke,** general traffic manager, elected to replace Mr. Bradford. **C. R. Lennig,** freight traffic manager, promoted to general freight traffic manager. **C. H. Kerns,** general freight agent, advanced to freight traffic manager-rates. **C. D. Brainard,** assistant general freight agent, succeeds Mr. Kerns. Mr. Brainard's successor is **E. J. Moore,** research analyst, who has been named manager traffic research. **R. K. Hansen** appointed district freight and passenger agent and **F. S. Pruente** named district freight agent, Chicago. **W. P. Menard** appointed general agent, Minneapolis, Minn., succeeding **Charles W. Campbell,** who retired May 31.

ELGIN, JOLIET & EASTERN.—**Wayne G. Town,** senior industrial engineer, named assistant chief industrial engineer.

Dr. Chester R. Zeiss appointed chief surgeon, to succeed the late **Dr. Richard J. Bennett** (RA, Feb. 4, p. 30).

FRISCO.—**J. G. Miller,** district manager-sales, San Antonio, Tex., retires June 30. His successor will be **H. L. Gilmore,** sales representative.

MILWAUKEE.—**Harold J. McKenna,** assistant general freight traffic manager, rates and divisions, Chicago, appointed general freight traffic manager, rates and divisions there, to replace **R. E. Hibbard,** retired. **Lyle R. Whitehead,** freight traffic manager, rates and divisions, Chicago, succeeds Mr. McKenna. **Wesley S. McKee** named freight traffic manager, rates and divisions; **Ward H. Wait,** freight traffic manager, rates and divisions (grain); **Fred J. Swierenga,** assistant freight traffic manager, rates and divisions, all with headquarters at Chicago.

MISSOURI PACIFIC.—**Joseph S. Smith,** general freight traffic manager-rates and divisions, St. Louis, retired May 31. Mr. Smith's successor is **Ronald S. Crossman,** manager-traffic analysis, St. Louis, who in turn is replaced by **Francis M. Dowling,** rate analyst, Research Committee, SW-WTL Railroads. **James A. Fyfe** named freight traffic manager-rates; **Nathaniel E. Kernell,** freight traffic manager-rates and divisions, and **Victor E. Kieffer,** assistant freight traffic manager-rates, all at St. Louis. **Marvin E. Talghader** appointed general freight agent, and **Benjamin J. Maeser** named assistant general freight agent-rates, both at Houston, Tex. **William B. Key,** district sales manager, Shreveport, La., retired May 31.

G. R. Jackson named superintendent of cars, St. Louis, to replace **H. S. Marsh,** retired.

MONON.—**Robert J. Miller,** district freight agent, New York, promoted to district sales manager, Detroit, Mich., succeeding the late **J. J. Roth.**

NEW HAVEN.—**G. A. Klaiber** appointed contract assistant, New Haven, Conn., succeeding **W. G. Beyerle,** retired after more than 46 years of service.

NEW YORK CENTRAL.—**Richard B. Hasselman,** general superintendent of yards and terminals of the system, appointed general manager, **Indiana Harbor Belt** and the **Chicago River & Indiana,** Gibson, Ind., succeeding **A. W. Laskoske,** promoted to vice president—operation, NYC (RA, June 10, p. 23). Discontinued the title of vice president and general manager, IHB and CR&I.

NORFOLK SOUTHERN.—**J. M. Godwin** appointed director of labor relations, Raleigh, N.C., and in addition, will administer personnel matters for the NS.

PENNSYLVANIA.—**L. Stanley Crane** appointed director of industrial engineering, Philadelphia.

PITTSBURGH & LAKE ERIE—LAKE ERIE & EASTERN.—**Joseph J. Eash,** engineer maintenance of way and structures, Pittsburgh, Pa., appointed chief engineer, succeeding **Earl G. Brisbin,** who retired June 1 after more than 46 years of service.

ROCK ISLAND.—Named the following to newly created positions at Chicago: **J. Otis Cathey,** freight sales manager, on-line agen-

C. H. Kerns
D&RGW

Harold J. McKenna
Milwaukee

Wesley S. McKee
Milwaukee

Ward H. Wait
Milwaukee

cies; **David F. Newberry,** freight sales manager, off-line agencies; **Fred J. Meyer,** director of sales training and management development; **David L. Waite,** manager of special equipment; **Donald C. Hansen,** manager of TOFC traffic; **Allen W. Brown,** manager of sales planning. In other traffic department changes, **Alton J. Ferrell** named general sales manager; **Walter C. Carlson,** general freight traffic manager; **Norman L. Schultz,** freight traffic manager; **Charles R. Sheets,** assistant freight traffic manager; **Val M. Conley,** district sales manager, all at Chicago.

Lloyd J. Kuntze, assistant auditor (tax), Chicago, named tax auditor there, succeeding **Herbert C. Bradshaw,** who retired May 31.

RICHMOND, FREDERICKSBURG & POTOMAC.—James A. Cottrell, head rate and division clerk, named revenue accountant, Richmond, Va., succeeding **R. L. Trevvett,** recently named auditor of revenues.

SANTA FE.—The following appointed district supervisors-Mechanical Department: **Clyde F. Felts,** Dodge City, Kans.; **Robert J. Kuhlmeier,** Arkansas City, Kans.; **Eugene O. Smalley,** Newton, Kans.; **Theodore F. Thimm,** Emporia, Kans.

P. R. Buchanan named trainmaster, La Junta, Colo., to replace **J. R. Fitzgerald,** on leave of absence.

SEABOARD.—H. G. Morgan appointed division freight agent, Birmingham, Ala., succeeding **Jerry Smith,** resigned. **Charles E. Pugh** named traveling passenger agent, Washington, D.C., succeeding the late **C. E. Tyne.**

SOUTHERN.—Walter W. Simpson, Jr., superintendent motive power, Knoxville, Tenn., appointed director, technological development, Washington, D.C.

SOUTHERN PACIFIC.—L. E. Schaefer, trainmaster, Lake Charles, La., transferred to San Antonio, Tex., replacing **C. T. Strong,** transferred to Houston. Mr. Schaefer's successor is **W. L. Kirk.**

TERMINAL RAILROAD ASSN. OF ST. LOUIS.—J. Walter Hammers, Jr. named manager labor relations, to replace the late **Henry Miller, Jr.**

UNION PACIFIC.—D. H. Voltz, freight traffic manager, Omaha, retired. **Alan B. Taylor** appointed freight traffic manager, sales and service; **Walter P. Barrett,** freight traffic manager, rates and divisions; **Ralph A. Foral,** traffic manager; **John R. Scogin,** general traffic agent, all with headquarters at Omaha.

Supply Trade

William K. Durbon has been named president of **Waugh Equipment Co.,** subsidiary of **Symington Wayne Corp.,** succeeding **Harry C. Hallberg,** retired. Effective June 1, the principal offices are located at 332 South Michigan Avenue, Chicago 4. The eastern sales office will continue at 230 Park Avenue, New York.

Dominion Railway Car Supply Co., Ltd., Montreal, has been named Canadian representative for **Brandon Equipment Co.**

OBITUARY

Wirt P. Marks, Jr., 69, who retired in December 1960 as president of the **Richmond, Fredericksburg & Potomac,** died June 1 at Richmond, Va.

G. H. Newcomer, 60, director of mechanical research, Research Department, **Association of American Railroads,** Chicago, died June 9 at his home in Gary, Ind.

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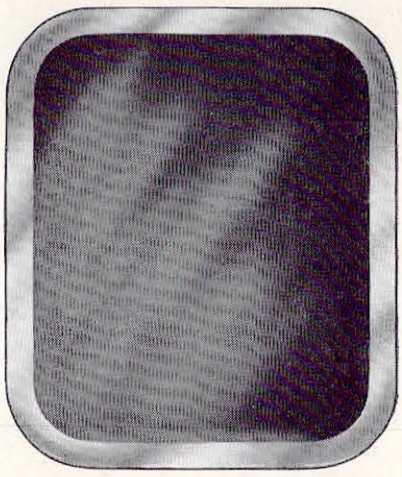

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SPAN BOLSTERS over pairs of four-wheel trucks at each end, duplicating running gear of UP gas turbines, will be used by both builders. Alco Century 855, illustrated above, has narrow hood and radiators between two engines, an arrangement similar to that of the forthcoming General Electric U50. All eight axles are powered.

UP Will Test Six High-Power Diesels

Fast, through freight runs will be the proving ground for the 5,500-hp Alco Century 855 and 5,000-hp General Electric U50 which are now scheduled to be delivered before the year's end.

Long-haul, high-speed freight operations on the Union Pacific have been found to require locomotives of 15,000 horsepower or more—and the UP will soon be testing diesel-electrics designed specifically for this job. To assess motive power for on-time handling of today's fast-freight schedules, the road has ordered a three-unit 16,500-horsepower diesel-electric locomotive from Alco Products and a three-unit 15,000-horsepower locomotive from General Electric. Deliveries will be made late in 1963.

● **For fast runs.** In announcing these orders, A. E. Stoddard, UP president, said studies of his road's through freight services had shown the need for such high-horsepower locomotives. The 5,500- and 5,000-horsepower units, first of this size Alco and GE will build, normally are to be used in three-unit combinations, assigned specifically to fast, through trains. Mr. Stoddard pointed out that these will be six of the highest horsepower diesel-electrics ever built.

The UP already has had long experience with high-horsepower gas-turbine-electric units, having operated General Electric-built single-unit 4,500-horsepower locomotives of this type for over a decade. After 1958 when GE began deliveries, the road put in service 30 two-unit 8,500-horsepower gas-turbine locomotives which, in a typical year, produced 18.1% of the freight gross ton-miles on the UP. The 25 4,500-horsepower turbines have seen less service in recent years, frequently being stored during slack traffic periods.

While the UP has continued to demonstrate its faith in the gas-turbine prime mover and continues to be the only railroad in the world with a fleet of such locomotives, it has regularly added new diesel-electric locomotives of conventional design to its roster. In the past five years over 300 diesel-electric units ranging in size from 1,750 to 2,500 horsepower have gone into service on the UP.

To produce the high-horsepower rating which UP wanted in its newest diesel-electrics, the two locomotive builders will install two diesel engines in each unit. Each unit will have a running gear like that used on the 4,500-horsepower gas turbines—a pair of two-axle trucks under a span bolster at each end.

● **Alco units.** The units which Alco will build are to become regular production models and, as the "Century 855," mark the first expansion in the Century series announced earlier this year (RA, Feb. 4, p. 16). P. N. Strobell, vice president and manager of the Alco locomotive and engine products division, says these will be the "largest and most powerful diesel-electric locomotives ever built."

Each unit will be powered by a pair of Model 251 16-cylinder V-type diesel engines. This prime mover, used on Alco locomotives since 1956, will operate at a speed of 1,050 revolutions per minute. Each engine, coupled to a conventional generator, will power the four traction motors on the trucks under that end of the unit.

Two units will have cabs, and the third will be a cabless B unit. Each unit will be approximately 86 feet long and 16 feet 5 inches high. Unit weight will be 264 tons.

● **GE units.** The 5,000-horsepower GE units, to be designated the U50, according to O. F. Vea, general manager of the locomotive and car equipment department, will be powered by a pair of GE 16-cylinder V-type diesels. This is the same prime mover previously used on the U25B, the 2,500-horsepower locomotive introduced in 1960. The U50 will incorporate features of the U25B.

All the U50 units are to have cabs. Each will have an over-all length of 83½ feet and a height of 16 feet 5 inches and, fully loaded, will weigh 272 tons.

New Challenges Face Railroad Advertising

A broader appreciation of industry improvements is needed, while rail freight advertising may move into new areas, railroad ad managers were told during their recent annual meeting.

Skillful advertising is important in selling a product or service—but "the most lavish advertising program in the world cannot sell inferior merchandise or poor service for very long." Such was the message of W. B. Johnson, president of REA Express, to the Association of Railroad Advertising Managers at their recent meeting in White Sulphur Springs, W. Va.

Common carrier transportation has done such an effective job in explaining its difficulties to the public, he said, that it is a hard job to convince people that a railroad-connected business is really improving its service and its rate structure—is really making substantial progress. It isn't enough to convince just a few people as to these facts—"the band wagon goes places too," and what is needed is widespread appreciation of a company's growing stature.

Mr. Johnson described REA's multilateral service—its rail and highway service, its air express, its overseas service, its operation as a freight consolidator, and its rapidly growing trailer-leasing service for piggyback operations.

He went on to relate how plans were afoot either to liquidate the Express Agency or have the government take it over. Liquidation was not acceptable because too many people need the service —and nationalization would have been "the first major inroad of socialism into our national transportation system." He drew a parallel with the railways in nationalization in Britain, and how some 4,500 stations are scheduled to be abandoned. So, faced with these two unacceptable alternatives, "a long, arduous comeback was started" by REA.

"New agreements were made with the railroads that for the first time allowed us the full freedom to price our services and to route our traffic the way we saw fit," Mr. Johnson continued." Most important, we went on a profit-loss basis for the first time in 32 years, giving us the private enterprise right to make money or go broke on our own hook. Management was given both authority and responsibility—economic freedom under regulation. With these new freedoms, plus our potentials, we were able to borrow money to invest in a multi-million dollar coast-to-coast construction program and to buy modern vehicles and freight-handling equipment.

"To date we have erected some 42 new terminals, 32 of them serving as key point distribution centers; about ten more are under way. We have three major electronic conveyor and sorting installations, and three more are under way—about $3 million of cost. We now have some 13,500 highway vehicles, about half of which were bought since the reorganization. We have borrowed extensively in the open money market and invested over $40 million of capital funds. And last year we paid the railroads $5½ million more than their out-of-pocket express cost—and retained $4 million after taxes.

"REA today is a leading developer and user of container systems, for which we see a great future. We have some 13 different container 'families,' the latest a transcontinental passenger train container car service between New York, Chicago and San Francisco. Ingenious devices were designed to side-load and unload 20-foot containers to and from the 85-foot flat cars in this service.

"One of our greatest challenges was to bring competitiveness, flexibility and greater public usefulness to the old express rate structure. New tariffs, fully researched and tailor-made for broad ranges of commodities make us competitive with motor common carriers for LTL business and in a number of areas our charges are lower. We have streamlined our corporate structure and now use the latest electronic devices to reduce paper work and generally save time and manpower."

REA, in sum, is backing up its claims to rejuvenation with tangible evidence of accomplishment—that is, it is presenting all the ingredients for a "band wagon" recognition of the company's merits.

Earlier at the ARAM meeting, Baltimore & Ohio's assistant to president, William H. Schmidt, Jr., expressed the opinion that, one of these days "price copy may some day be introduced into railroad freight advertising.

"We may someday see advertised invitations to enter into bulk contracts, agreed charges, 'consistent patronage' negotiations, or other arrangements which would give railroads a start toward equal opportunity with booming specialized and private transportation."

"I can even visualize the copy," the

WINNERS of the 12th Annual Golden Spike Advertising Competition, and officials of the Association of Railroad Advertising Managers, the sponsoring organization, are shown at ARAM's recent annual business meeting in White Sulphur Springs, W. Va. Left to right, G. Vernon Frederick of the B&O, past president of ARAM; Jack Izard, advertising manager, Chevrolet Motor Division, General Motors; Edwin T. Moffett, advertising manager, Bethlehem Steel; E. K. Lofton, manager of railway sales, SKF Industries, Inc.; J. L. Coates, Citrus Processors Association, Inc.; D. W. Pazdur, General American Transportation Corp.; Benjamin Magdovitz advertising director, St. Louis Globe-Democrat; and J. M. Hagen, advertising manager of the Great Northern, new president of ARAM.

speaker said. "It would look like the 'satisfied-customer' advertisements run by big insurance companies to promote group arrangements with large industries; only our grins would be broader."

Mr. Schmidt indicated that there are a few hurdles to be surmounted. As it is now:

"The demand for the product is not elastic, since freight is shipped only as a means to other ends. The buying public is chiefly a small group of highly-trained professionals. Service is sold piecemeal, not as a package, and specific appeals are hard to come by.

"Yet, at least three developments already under way are increasing opportunities for freight advertising which will be read and bring in revenues," the speaker declared.

"First, we have the new specialized (better termed shipper-oriented) cars.

"The second development is coordinated transportation — trailers-on-flatcars and containerization.

"The third development already here is increasing precision of freight train scheduling, to permit more specific advertising of departures and arrivals and 'distribution transit-time belts' than in the past."

As reported briefly in Railway Age of June 3 (p. 36), SKF Industries, Inc., was the winner of the annual "Golden Spike" competition, sponsored by the Association. Special presentations were made by General Advertising Manager A. A. Dailey of the Santa Fe, and GAM Carl Mertens of the Union Pacific—of those companies' advertising campaigns. J. G. Lyne, editor of Railway Age, explained the purpose behind his "Railroading After Hours" column—that is, to discuss a wide range of subjects in which readers indicate their interest, while taking care to direct the colloquy within guidelines of economic and ethical principles.

"There is all the difference in the world," said Mr. Lyne, "between the kind of industrial advertising which seeks to convey pertinent product information to professional buyers—and 'consumer advertising' which tries to sell merchandise of questionable merit to the general public by implying that the goods include a built-in aphrodisiac which probably they do not have.

"Transportation is shot full of inconsistencies—some of them ludicrous—for example: Who should bear the expense involved when a new process puts an old one out of business? All the profit from the new process goes to those who introduce it and all the cost of obsolete capital and obsolete labor skills is borne by the people connected with the old process.

"Only a monopoly enjoys protection against this sudden competition from new technology. Automatic telephones were in successful use for many years before the telephone industry began to install them on a large scale. It was not forced to absorb losses of existing investment because of sudden obsolescence. They seldom, if ever, had to lay anybody off.

"But look what happened to the ice business when domestic electric refrigerators came along. Investments and jobs just melted away.

"In the mid-Twenties the late L. F. Loree wanted to build a railroad from Easton, Pa., to Pittsburgh—with easy grades and much shorter mileage, but the ICC wouldn't allow it. The government forbade competition with existing railroads by a new railroad, but then it turned right around and built highways and waterways to provide even more serious competition for these same railroads.

"There are absurdities about the transportation situation which need to be exposed, in the public interest. But there's no point in being sanctimonious or humorless in these discussions. Take the case of the industrialist who at noon in Pittsburgh was denouncing government intrusion into business and, at dinner time the very same day out in Ohio, was whooping it up for spending $1 billion of federal money to build a canal to serve his town and his business. Such behavior is clownish, and it is salutary and amusing to laugh at it, and give others a chance to join in the fun."

John W. Forney, of the advertising agency which handles Great Northern advertising, presented statistics to show the relative advertising expenditures of railroads and other industries. The Santa Fe (with 5 mills for advertising per $1 of revenue) was indicated as, proportionately, making the largest outlay for advertising, among railroads. The three next-highest (each with 4.7 mills of advertising expenditure per $1 of revenues) were the Union Pacific, Great Northern, and Northern Pacific.

Thompson Nooner, vice president of the Railway Progress Institute, explained the competition which is sponsored by this association of railway suppliers—awarding a "golden freight car" annually to the railroad making noteworthy progress in the promotion and sale of its freight service.

ARAM president G. V. Frederick (advertising manager, B&O) presided at the sessions. President for the coming year will be J. M. Hagen, advertising manager, GN.

This RR Goes Overseas to Add Traffic on Home Rails

LEWIS

What do you do when a whole class of important traffic nearly dries up? That's what happened to Reading's anthracite, the road's director of coal traffic points out in an interview elsewhere in this issue. A decline from 70 million tons produced in 1930 to 16 million tons a year ago is pretty severe. And of course there's little the Reading can do to persuade homeowners to go back to burning coal. The economics may be in its favor, but hauling ashes has little appeal to homeowners who even use electric can openers. So the Reading has gone overseas to help U.S. producers get a bigger share of the anthracite used abroad.

Several of the Pocahontas roads help sell their shippers' products abroad, too—and, of course, quite a few roads maintain permanent sales offices overseas. One road has been especially active in promoting its principal port to importers and exporters alike with emphasis on Latin America.

I wonder, however, if all sources have been exploited overseas. There may be a number of places where railroads, while actually only sellers of transportation, might be able to promote use of American goods overseas —goods which could reach seaports over their lines.

If the Reading has any substantial part in bolstering anthracite exports to 5 million tons as it hopes, then resultant flow of dollars to the U.S. and the employment thus stimulated in hard-hit coal region towns ought to merit the Reading the Export "E."

Robert G. Lewis

Market Outlook

Carloadings Rise 10.6% Above Previous Week's

Loadings of revenue freight in the week ended June 8 totaled 606,084 cars, the Association of American Railroads announced on June 13. This was an increase of 58,063 cars, or 10.6%, compared with the previous holiday week; an increase of 23,324 cars, or 4.0%, compared with the corresponding week last year; and an increase of 12,768 cars, or 2.2%, compared with the equivalent 1961 week. Ton-miles generated by carloadings in the week ended June 8 are estimated at approximately 12.9 billion, an increase of 9.2% over the corresponding week of 1962, and 11.5% over 1961.

REVENUE FREIGHT CARLOADINGS
For the week ended Saturday, June 8

District	1963	1962	1961
Eastern	85,900	84,935	83,920
Allegheny	107,579	96,321	97,245
Pocahontas	56,078	52,622	54,483
Southern	111,208	107,146	110,973
Northwestern	84,001	91,758	87,574
Central Western	118,059	110,840	118,502
Southwestern	43,259	39,138	40,619
Total Western Districts	245,319	241,736	246,695
Total All Roads	606,084	582,760	593,316
Commodities:			
Grain and grain products	52,294	44,472	52,085
Livestock	2,176	2,906	3,273
Coal	116,917	107,515	109,497
Coke	9,015	5,874	6,961
Forest Products	38,143	38,108	39,078
Ore	51,125	56,210	48,123
Merchandise l.c.l.	17,364	23,940	28,866
Miscellaneous	319,050	303,735	305,433
June 8	606,084	582,760	593,316
June 1	548,021	529,285	531,705
May 25	598,419	580,383	578,767
May 18	601,062	586,946	568,467
May 11	598,670	583,947	551,405
Cumulative total, 23 weeks	12,384,114	12,602,694	11,857,180
Estimated Revenue Ton-miles (Millions) 23 weeks	268,000	259,800	235,500

PIGGYBACK CARLOADINGS.—U. S. piggyback loadings for the week ended June 1 totaled 13,942 cars, compared with 12,433 for the corresponding 1962 week. Loadings for 1963 up to June 1 totaled 325,928 cars, compared with 286,157 for the corresponding period of 1962.

IN CANADA.—Carloadings for the ten-day period ended May 31 were not available as this issue went to press.

New Equipment

FREIGHT-TRAIN CARS

► *Burlington.*—Ordered 50 60¾-ft 100-ton auto-parts cars with 16¾-ft plug doors, cushion underframes and roller bearings from Pullman-Standard at an estimated cost of $1,109,300 for delivery in early August.

► *Chicago Great Western.*—Ordered six 70-ton Airslide covered hopper cars for delivery in June, and 25 insulated 50-ft box cars with cushioned underframes from General American for delivery in the fourth quarter of 1963; 10 70-ton covered hoppers from Pullman-Standard for delivery in August, and 5 70-ton covered gondola cars from Thrall Car for delivery in August.

► *Chicago & North Western.*—Ordered 25 60¾-ft 100-ton box cars from Thrall Car for delivery in late September.

► *Denver & Rio Grande Western.*—Ordered 31 100-ton box cars from Thrall Car for delivery during September.

► *Green Bay & Western.*—Ordered 10 60-ft box cars from Greenville Steel Car at a cost of approximately $200,000 for delivery in August.

► *New York Central.*—Will lease 140 70-ton tri-level auto-rack cars from Merchants Despatch. The cars are being built by Pullman-Standard, with the racks supplied by Whitehead & Kales. Delivery of the $3.1-million order will begin Aug. 1.

► *Western Pacific.*—Ordered from Pullman-Standard (at a unit cost of $22,025), 25 60-ft box cars with 16-ft doors, cushion underframes with 20-in. travel, 100-ton trucks, all-steel floors for concentrated 20,000-lb loading, and load containers for auto parts. Delivery is scheduled for July.

LOCOMOTIVES

► *Chesapeake & Ohio.*—Ordered 32 2,225-hp GP-30-type diesel-electric locomotives from EMD at a cost of approximately $6.4 million. Fourteen of the locomotives will be delivered in August and the remaining 18 in September.

New Facilities

► *Missouri Pacific.*—Will relocate and enlarge truck-rail facilities at Main and Gratiot streets, St. Louis, at an estimated cost of $124,800; and construct an 80- by 190-ft covered platform and relocate LCL facilities at Alexandria, La., in conjunction with the Texas & Pacific, at an estimated cost of $78,000.

Capital Expenditures

► *Northern Pacific.*—Is spending approximately $11.4 million for new freight cars this year. At the company's Brainerd, Minn., shops, 561 cars will be built at a cost of $6 million. Car-reconditioning programs are under way at shops at Laurel, Mont., and South Tacoma, Wash.

Report Outlines L&D Attack Plan

The National Freight Loss & Damage Prevention Committee has made a study of shipping losses and come up with some recommendations for whittling the cash outlay for freight claims.

Some victories, some setbacks and a flock of new approaches to reducing the staggering cash payout for freight loss and damage claims were revealed in a commodity-by-commodity study of L&D claims conducted by the National Freight Loss & Damage Prevention Committee. As outlined in a recent report to the annual meeting of the AAR Freight Claim Division in Minneapolis early in June, the committee, operating through eight special groups, struck out in these directions to reduce L&D claims:

- Segregate responsibility—shipper vs. carrier—on damage claims through inspection at terminals.
- Check all phases of handling operations.
- Insist on uniform protective service rules for TOFC movements of perishables.
- Pinpoint recurring claims on specific items and urge improved packaging by the shipper or better loading procedures by the carrier.
- Emphasize to rail employees the importance of careful car handling.
- Issue bulletins, letters, and other publicity on such things as better car cleaning techniques, careful car handling, packaging and loading.

The report, submitted by Chairman Harry Buckley, manager of loading services and loss and damage prevention for the Pennsylvania, uncovered some trouble spots and noted some effective remedial measures.

The special committee on grain, for example, checking all phases of grain handling operations, discovered that "official weight certificates were being erroneously issued" at one Eastern market and were being accepted (for claim purposes) by the railroads. The market lost its official weight status in 1959 but continued to issue "official" certificates. The general manager of the market, the report stated, agreed "that no more official weight certificates would be issued until such time as the elevator in question agreed to comply with recommendations for Class 1 or Class 2 official weight status."

Questionnaires sent to 248 official weight points, revealed that some agencies no longer existed, some were not in operation, and others needed observation by the committee's grain specialist. Responsible for some improvement, the committee believes, is the restoration of the Traveling Grain Weight Inspection positions of the Western Weighing & Inspection Bureau. The services of these inspectors, in addition to general inspection of various situations pertaining to the weighing and handling of grain at elevators, include notification to proper parties of incorrect application of grain doors, seeing that cars are swept clean, that any spilled grain is reclaimed and credited to the proper car, and that the over-all operations are properly performed.

Inspection service has been used also to effect a reduction in claims paid on canned goods shipped to particular warehouses, the committee reported, "principally through a program of proper segregation of damage at time of unloading according to responsibility, carrier versus shipper—constant supervision or reconditioning—maintaining a check of the labor required to perform the reconditioning." The high claim payments on canned goods warrant concentrated efforts to accomplish a reduction, the report stated.

Packaging importance stressed

Specific commodities can be handled better through better packaging or improved loading procedures, Mr. Buckley's group noted. Also, defective cars carrying dressed beef have contributed to L&D claims. The committee is considering mandatory loading rules for canned and bottled goods in fibre boxes, eliminating "straight stack loading" of these commodities. "Beer shipped in unauthorized packing methods or containers is being encountered," the report stated. "In certain instances bottles are being found packaged in glass-to-glass contact without the required use of fibreboard dividers as well as unauthorized use of fibreboard trays for bottled beer." Oil companies are experimenting with a quart-size fibre, foil-lined can for shipping petroleum lubricating oil. A survey will be made to determine the extent and success of new methods of packaging, handling, or loading of brick and tile.

- **Repeater car decrease.** One railroad is building flat cars equipped with cushion underframes for brick movement, the report noted. Palletization has been effective, and some roads are strapping bricks into blocks and moving them with lift trucks. The committee reported "a sharp decrease" in the number of repeater cars, in the number of trips by repeater cars, and in the average number of damaged quarters of beef per trip by repeaters. The decrease was attributed to the cooperation of car lines in shopping cars for repair and retiring unfit cars from service.

Some dressed beef is being shipped by TOFC—which has presented new L&D problems—and the committee noted "spasmodic" damage from foreign substances. In line with TOFC movement the committee saw "a definite need for uniformity of rules to cover national application" of protective service rules for perishables. Also seen was a need for buffer material between automobiles and multilevel cars.

L&D claims involving furniture moved by TOFC are expected to decrease as a result of authorization by the National Motor Freight Classification of the same specific packaging requirements for furniture as required in the Uniform Freight Classification.

Laboratory tests have also been successful in reducing damage to furniture in transit. Door hinges on steel storage cabinets, the report noted, were repeatedly buckling during shipment. The situation was duplicated in the laboratory, and analysis attributed the damage to use of oversize containers. Dimensions of the package now have been reduced.

- **Car-handling campaign.** A more familiar source of L&D claims—car handling—has been attacked via direct appeals to railroad employees. The committee suggested that each road emphasize the need for careful car handling in a year-round campaign directed toward "the men who are actually handling the cars in a further effort to reduce overspeed impacts."

Maintenance-of-way departments should be urged to continue and expand their programs for improving the physical condition of yards, and mechanical departments should be asked to "re-examine and possibly amplify their efforts to see that cars are in proper condition for the safe transportation of ladings."

Railroads Urged to 'Make Competition'

B&O President Langdon told last week's Superintendents Association meeting that competition must be made not merely met —or 'it's just a question of time to the end' for railroads.

Meeting competition isn't good enough—railroads have to make competition if there is to be any change in the continuing decline in railroad traffic to other modes, B&O's President Jervis Langdon, Jr., told an overflow audience of operating officers attending the American Association of Railroad Superintendents' 67th annual meeting at Chicago, June 11-13.

Mr. Langdon told the AARS audience that unless railroads compete ". . . it's just a question of time to the end," for the carriers. Pointing out the fact that, by and large, railroads failed to react as their competition developed —and when they did react, that they reacted in the direction of trying to get other modes regulated, too—Mr. Langdon emphasized, "The making of competition is an absolute must. Meeting competition is a disaster for the railroads."

'Ineffectual' competition

He cited railroad "meeting" of competition as ineffectual because:

Offering the "same" rate trucks offer is not truly meeting competition because it fails to take into account the fact that rail shipments are loaded by the shipper and unloaded by the receiver, whereas truck drivers help load and unload shipments, a saving and convenience for shippers.

People making barge-competitive rates "hadn't the slightest idea of how to make these rates." They would get barge transloading costs, tack on a 7 or 8% differential and call that a barge-competitive rate."

All too often such rates "meeting" truck and barge competition failed to take into proper account such factors as handling, warehousing and so forth.

Mr. Langdon told the AARS audience, "The only concern we have with truck rates is how much does it cost to move by truck. We should make rates so that the competition can't meet the rate." He also described the traditional approach to ratemaking where fear of reducing revenues inhibits creative rate-making. "Someone says, 'soon we'll lose $1 million if we put that rate in effect.' Actually, we can't be stopped because it'll mean a loss in revenue right now. These rates are needed to reverse a trend—so that in two or three years we'll be able to show a gain," by reversing present traffic erosion. Mr. Langdon also warned against the automatic dismissal of a rate "because the ICC's form A shows average costs as higher. They reflect average costs and may not reflect your costs at all—yours may be the exceptional case." Mr. Langdon also warned the AARS operating officers about regarding operating statistics as sacrosanct. "Don't regard train statistics reverently. You may find that shorter trains are a very definite way of making competition."

He described B&O experience with shorter trains as reducing yard engine hours, improving schedule performance, and increasing the utilization of equipment.

He advocated setting up machinery within the railroad industry to handle differences that arise over per diem and divisions of freight revenues. "For 43 years there has been a major controversy in the ICC or the courts. In some cases, 700 experts have been employed by one side to advance a particular cause's side—with about as many experts on the other side. If we advocate compulsory arbitration for the settlement of labor disputes, why cannot we do the same with the per diem controversy?"

Buford G. Nash, AARS president and assistant regional manager for the C&O at Detroit, underscored the pride the superintendents have in being regarded as the "workingest" of the railroad associations by telling the meeting of the subjects selected for committee research and reports over the past year and the year to come. Committee reports given at the meeting were on effective labor relations policy, piggyback terminal operations and costs, more effective coordination between railroads, yard-sticks for measuring performance, and freight loss and damage.

Committee Report No. 2, "The Responsibilities and Activities of Operating and Traffic Officers to Cooperate in the Promotion of Sales and Service," was presented by Chairman C. W. Hoppe, consultant with Peat, Marwick, Mitchell & Co. of New York. Heated discussion was triggered by the presentation of a survey of industrial shippers that revealed 25% of the shippers responding reported using more rail service—while 69% reported using less rail service. Almost half the shippers (45%) reported using private trucks. The survey showed shippers favor truck total transit time by 95%; 86% liking truck delivery dependability over 5% for the rail; 68% liking railroad rates better than truck rates—against 13% that reported liking truck rates better; 45% of the shippers reported liking truckload minimum weights as against the 39% that professed liking carload minimum weights; 68% of the shippers preferred truck performance on loss and damage, against 29% that preferred rail L&D performance; 58% of the shippers liked the equipment given them by trucks for regular loading—while only 23% liked the rail equipment; but, perhaps significantly, 90% of the shippers, asked if they would include a rail siding in a new plant, replied they would, while 10% said they would not.

The survey asked the shippers what improvement would cause them to ship more by rail. Some 33% would ship by rail if faster trains were offered; 69% would if railroads improved dependability; 20% would if special equipment was provided; 32% would if rates were generally reduced; 31% would if railroads "improved cooperation"; 77% would if total transit time was reduced; 13% would if equipment availability was improved; 13% would if carload minimums were reduced; 18% would if more incentive rates were offered, and 13% would if sales solicitation was improved. Some 5% reported they would not ship any more or less by rail regardless of what railroads do.

New officers elected

The AARS members elected K. E. Miller, general superintendent of the D&H, as president for the 1963-64 year; A. J. Powers, superintendent of rules for the NYNH&H, was elected first vice president; W. W. Weber, superintendent, CSS&SB, was elected second vice president; W. F. Mowan, superintendent of the WM, was elected third vice president; D. E. Parks, GN trainmaster, was elected fourth vice president. H. L. Kimble, retired assistant superintendent of transportation for the PRR, was re-elected treasurer and Ruth Weggeberg was re-elected secretary.

Harris Uneasy Over Rate-Freedom Bill

The chairman of the House Committee on Interstate and Foreign Commerce supports the President's legislation, but questions the degree of freedom possible under the shadow of anti-trust laws.

The chairman of the House Committee on Interstate and Foreign Commerce, Rep. Oren Harris (D.-Ark.) has indicated again his disposition to support legislation responsive to President Kennedy's transportation message, but he also has "some very big question marks in my mind as to what we will be able to do." Mr. Harris made this statement June 7 as his committee concluded its 1963 series of hearings on the President's program which includes the controversial minimum-rate proposal.

That proposal, which the railroads regard as the heart of the Presidential program, calls for the ending of ICC and Civil Aeronautics Board powers to fix minimum rates for railroad, truck and air transportation of commodities in bulk, the water transportation of which is exempt from all regulation; and for railroad, water and air transportation of agricultural products, where truck transportation is now unregulated. The minimum-rate bill before the House committee is H.R.4700.

Closing sessions of the hearings were featured by presentations in support of the bill which were made by the AAR and Secretary of Commerce Luther H. Hodges. The AAR presentation included statements by Chairman Ben W. Heineman of the Chicago & North Western and President Jervis Langdon, Jr., of the Baltimore & Ohio (RA, June 10, p. 10), and a statement by President D. W. Brosnan of the Southern.

● **Southern defines position.** Questioning of Mr. Brosnan by committee members revealed his willingness to take the bill's present version, i.e., without amendments to provide for preservation of all anti-trust immunity the conference method of rate-making has under the Reed-Bulwinkle Act, which is now Section 5a of the Interstate Commerce Act. The present version proposes to continue this Section 5a immunity, as to bulk and agricultural commodities, only for joint rates, leaving single-line rates uncovered; and the railroad industry's position (as stated by Mr. Heineman) is that it would prefer to see the bill die than to have it pass without amendments preserving conference rate-making on the present basis. In reporting this industry position, the C&NW chairman said he regarded it as "a tragedy."

Mr. Brosnan said he would "not be willing to sacrifice the competitive opportunity" that would be afforded by enactment of H.R.4700 "in order to dodge the effect of anti-trust responsibility." He added that, if it came to a choice, he would "take the anti-trust feature rather than see the bill die because of lack of taking it."

Secretary of Commerce Hodges indicated his concern that attention being given anti-trust phases of the controversy was diverting attention "from the main purpose of the bill, which is to provide more competitive rates." The Secretary added:

"We cannot take away regulatory restraints on the one hand and restore them through anti-trust elaborations on the other. We must have protection against monopoly of illegal action, but this does not mean we can't have less regulation. We cannot accept the theory that less regulation will bring chaos, particularly in a growing economy. This has not been the history of American business which normally knows nothing of detailed price and service regulations."

Chairman Harris' statement was addressed to Secretary Hodges, because, the chairman said, the committee may later call upon the secretary for further comment on various phases of the proposed legislation. The statement indicated Mr. Harris' hope of doing something to equalize competitive conditions in the regulated-carrier field, but it also indicated his great interest in doing something which would help the regulated carriers obtain some of the traffic which is now moving by private carriers and in gray-area and illegal operations.

● **More or less regulation?** Among questions raised by the chairman was one asking if H.R.4700 would really bring less regulation in view of the prospective impact of the anti-trust laws. "I have had some very serious questions in my mind as to whether the Department of Justice can make a determination in these highly important and competitive procedures of rate-making," the chairman said, adding: "So I am just simply not sure in my own mind whether we are on the right track toward greater freedom, or are we getting on the track toward more and more regulation?

"I just have the feeling," he said, "that all groups ought to be satisfied, whatever is done here, and that we know for sure what we are doing, and we don't get ourselves into deeper problems than we have today. I think something can be accomplished. I am convinced of that. I believe it can be done not only in strengthening and improving the over-all common carrier system, but in the equalization of opportunities."

● **Brosnan: $2 billion savings.** President Brosnan of the Southern told the committee that transportation costs paid by the American people will be "sharply reduced" when railroads have rate-reducing freedom, as provided by H.R. 4700. "Savings of at least two billion dollars per year by the public are easily possible," Mr. Brosnan said.

'Automatic' protests criticized

He pointed out that, under present laws, trucks and barges "almost automatically" protest efforts of railroads to reduce rates. He added: "Unrealistic and unsound Interstate Commerce Commission costing formulas are all too often used by the barge and truck lines to hold railroad rates up artificially and unnecessarily to protect their own higher charges and deny the public the benefit of lower transportation costs."

Mr. Brosnan cited Southern's grain-rate reduction to illustrate the "huge savings the public will realize" when minimum-rate legislation is enacted. These grain rates are now in effect, having been held up for nearly two years by ICC and court proceedings. Between May 11, when the multiple-car phase of the adjustment became effective, and May 27, Southern handled 185 multiple-car movements to 16 different destinations. It has also handled 2,371 cars to 72 destinations on the related single-car rates which became effective February 28.

"An example of the effect of these rate adjustments," Mr. Brosnan said, "is that on these shipments Southern collected $914,772. At rates which the barge interests, and large grain dealers hauling their own grain in their own barge operations, sought to keep in effect, the charges would have been

$2,148,177. The saving to the public amounted to $1,233,405."

• **New rate profit.** Mr. Brosnan also said the shipments of grain under the reduced rates were "highly profitable" to Southern. "Of the $914,772, which Southern has collected in this brief period, I estimate that we took down $374,600 to net before taxes," he added.

Mr. Brosnan was asked if Department of Justice activity under the anti-trust laws might be worse than minimum-rate regulation by the ICC. "I would prefer to have the Department of Justice to what we presently have with the ICC, because at least I could start doing some things that might make progress," Mr. Brosnan replied.

The questions which brought out Mr. Brosnan's disagreement with the railroad-industry position that it would prefer death of the bill to enactment of the present version were asked by Rep. Robert W. Hemphill (D.—S.C.) Mr. Hemphill referred to the industry position and asked Mr. Brosnan if he differed with it. The Southern president made this reply:

"Well, sir, my interest in this legislation does not run to whether you are going to be subject to anti-trust, or not subject, or to what degree. My interest runs to the economics in it, the ability to put to work competitively for the railroads the things that they can do in the way of technology. Business was taken away from us years ago by the trucks on the basis of technology, and nobody shed tears about us at that stage of the game. So we would like the opportunity to express some of the things that we can do for our benefit and for the benefit of the public. I think that H.R.4700 comes more nearly to doing that in the area of agricultural products and bulk commodities than any legislation that I have seen."

• **Competition between railroads.** Then came Mr. Brosnan's statement of his willingness to take the bill's present anti-trust provisions rather than see it die. That prompted Mr. Hemphill to ask if Southern were willing to engage in rate competition with other railroads as well as other modes of transportation. "We do it every day and that is what we are trying our best to do," Mr. Brosnan replied.

Chairman Harris said he was unable to understand Mr. Brosnan's complaint against the ICC, because he thought "umbrella" rate making had been outlawed by the 1958 Transportation Act's rate-freedom provision. The Commission's "arbitrary cost formula" is the root of railroad troubles, Mr. Brosnan explained. He went on to say that the railroads' luck at the Commission "has improved since these hearings got under way a year ago."

TV Focuses on the Work Rules Dispute

Television, so far as the railroads are concerned, is growing up.

"CBS Reports," aired on June 12, presented one of the more objective outlines of the work rules dispute yet produced. Daniel P. Loomis and J. E. Wolfe, spoke for the carriers; H. E. Gilbert, R. E. Davidson and Charles Luna spoke for the operating brotherhoods. And Judges Simon Rifkind and Samuel Rosenman—the former, chairman of the Presidential Railroad Commission, and the latter, chairman of Emergency Board 154—spoke for the people.

Neither the railroad nor the union spokesmen had any surprises. Their positions, their arguments, were the same as those stated over the past four years. The outspoken Mr. Luna provided the only eyeopener, in talking of the current government mediation efforts. Said BRT's president: "I've been in mediations that were conducted better."

Perhaps the most impressive parts of the telecast, however, were those in which Judges Rifkind and Rosenman and Secretary of Labor W. Willard Wirtz spoke.

They said such things as these:

"Neither management nor labor can hold up the country"—Judge Rifkind.

Employers and society owe a duty to the man displaced by automation—Judge Rosenman.

Make-work is uneconomic, a waste, a condition which "must destroy individual dignity" but change must be considered in a context which also considers the length of service of the men involved as well as general and specific unemployment problems —Secretary Wirtz.

CBS' television program won't settle the work rules controversy, but it could help bring about improvement in the situation Judge Rosenman fretted about while Board 154 was in session: the lack of awareness of the American public as to what's going on between the railroads and the ops.

CBS' Eric Sevareid summed it up as the hour-long program came to an end: "The American people would never tolerate a railroad strike—not for long."

The telecast started as might be expected, with an appeal to viewers to stick with it—the steam locomotive pounding down the track, and an excerpt from "Casey Jones." But, unlike the "White Paper" on the railroads presented two years ago (RA, May 29, 1961, p.58), Mr. Sevareid's presentation came quickly to the core of the issue: that "the long-term future of the railroads is at stake . . . and so is the fundamental concept of collective bargaining."

CBS began at the beginning: AAR President Loomis' St. Louis speech in 1959, which made "featherbedding" an issue. It went then to the railroads' strategy: if the climate for change wasn't then right, Mr. Sevareid noted, they would create it—"they turned to Madison Avenue."

Union representatives have conceded privately that the railroads' advertising-public relations program was one of the most effective on record. Mr. Luna told it to millions last week: The campaign "was one of the most complete brain-washing jobs I've ever seen accomplished."

CBS traced the history of the dispute through the PRC, further negotiations, Emergency Board 154, still more talks, government intervention, and still more talks.

The program took no sides. It did, however, close with a lengthy dialogue between Mr. Sevareid and Secretary Wirtz.

The Labor Secretary showed no inclination to minimize this dispute—and its possible effects on collective bargaining generally.

Legislation, he said, "cannot, must not" be the means to settle labor disputes—else the future of collective bargaining is grim.

Secretary Wirtz had his say on make-work, but he also called attention to the employees' side: that an individual feels "properly entitled" to protection if he happens to be displaced by a form of automation.

The Secretary compared the dispute, in a sense, to a war. The main thing now, he indicated, is to try to make sure that "the ultimate force is not resorted to."

CBS has made what should be a valuable contribution to public understanding of what the work rules fight is all about.

YOU OUGHT TO KNOW

Southern President D. W. Brosnan's petition for authority to continue as a director of the Florida East Coast has been denied by the ICC. Mr. Brosnan's service on the FEC board was authorized by a Commission order which stipulated that the authorization would remain in effect only so long as representatives of the Atlantic Coast Line and Seaboard Air Line were also FEC directors. The ACL and SAL representatives, Presidents W. T. Rice and J. W. Smith, respectively, have resigned their FEC directorships. Mr. Brosnan's petition was supported by FEC but protested by ACL and SAL.

Rehearing for the port-differential case is sought by the ICC in a petition filed with the U.S. Supreme Court. The case is that wherein the court's 4-4 vote had the effect of affirming a lower-court decision which condemned an ICC order upholding the 85-year-old differentials in favor of the Southern tier Atlantic ports of Philadelphia, Baltimore and Hampton Roads (RA, May 27, p. 10). The Commission's petition was a "rarity," as an informed source put it. While it has often sought reconsideration of adverse decisions in lower courts, its usual practice is not to make such appeals to the Supreme Court. The Southern tier ports and railroads serving them are also petitioning for a re-hearing in the case.

Arrival of the ninth and last shipment of prisoner-ransom goods in Havana recently marked the end of a voluntary transportation program which involved 51 railroads. AAR figures indicated that the railroads moved 624 carloads of food and drugs to Atlantic and Gulf ports for shipment to Cuba. Rail-hauled tonnage was more than 77% of the total handled by all common carriers in cooperation with the Red Cross in the mercy-shipment effort which got under way last December.

Headquarters of the Belt Railway of Chicago have been moved from Dearborn Station, 47 West Polk, to a one-story brick building at 6900 South Central in Chicago. Cost of the building and furnishings is $250,000, according to A. B. Hillman, chief engineer. The Belt, jointly owned by 12 other roads, had occupied the Dearborn Station since 1912.

Three persons were killed and 83 injured last December when Seaboard Air Line's "Silver Star" struck a tractor-semitrailer at a grade crossing in Florida. Last week the ICC released the results of investigation—which found that the truck driver failed to stop before entering the crossing. "It is evident from the record," Division 3's report says, "that as the motor truck approached the crossing, the driver should have been able to observe that the train involved was also approaching the crossing and that the rail-crossing warning signals indicated the approach of a train. . . . The record contains not even a suggestion as to why the motor truck proceeded onto the crossing immediately in front of the train."

The first combined B&O-C&O timetable has been released with a joint statement from the presidents of the two railroads that "improved passenger services are among the first benefits the general public can expect to see from B&O-C&O affiliation." The handsome red, white and blue publication has simplified maps accompanying the tables to show at a glance the cities served, and a number of full-color photos of cities along the routes of the two railroads.

Plan V piggyback has another entry —Chesapeake & Ohio. C&O and 20 truck lines last week began offering a joint rail-motor carrier service which will tap 30 states, the District of Columbia and Canada.

Frisco may move some of its headquarters staff from St. Louis to Springfield, Mo., if a study justifies such a transfer. The move, aimed at gaining the operating efficiencies possible with all departments under one roof (Frisco presently has its operating department at Springfield) would result in the construction of a new building at Springfield. The study is expected to be completed Sept. 1 and the move, if found feasible, has a target date of Jan. 1, 1966.

A fire at North American Car's Chicago Ridge, Ill., plant June 8 will halt production there for approximately one month. Production is expected to be resumed in "less than 30 days," a North American spokesman said. Cause of the fire is undetermined.

A special champagne dinner is a new feature of the Santa Fe "Super Chief." A complimentary service of champagne is served with entrees of prime ribs of beef, broiled African lobster tails, double breast of chicken continental, or London mixed grill.

There'll be no hectic rush for coach seats on most Southern trains during the heavy-travel July 4 holiday period this year. Southern is putting an experimental coach-seat reservation plan into effect July 2-8. All coach passengers holding reservations will be assured of seats; standing in the aisles won't be permitted. Southern will charge a fee not to exceed $1 to offset the cost of providing the extra service.

The Chicago Skyway toll bridge is in trouble and the federal government has been asked to bail it out, to the tune of $87 million. Suffering from financial malnutrition, the Skyway in the past has been helped by the city of Chicago, but a bill introduced in the House of Representatives would convert the Skyway and all other tollways less than 10 miles in length to free expressways. The $87 million would help retire $101 million in revenue bonds and avert a crisis which could come June 30, when an interest payment of $1.7 million is due. The interest must be paid with the Skyway's income—and income will fall short of the required amount.

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Advertisers' Index

Adams & Westlake Company 46, 47
Alco Products, Inc. 38-39
American Brake Shoe Company 36-37

Brenco, Inc. ..... BC

Clevite Corporation, Cleveland Graphite Bronze 11

Diamond Alkali Company 12

General American Transportation Corporation 20-21
Griffin Wheel Company 23

Hyatt Bearings Division, General Motors Corporation 28-33 Incl.

Kerite Company, The ..... IBC
Keystone Railway Equipment Company 8

Ortlip Company, Harry F. 47

Miner Inc., W. H. ..... IFC

Motorola Communications & Electronics, Inc. 26
National Steel Corporation 40-41

Railway Maintenance Corporation 3

Speno Railroad Ballast Cleaning Company, Inc., Frank .. 57
Stone Filter Company 18

Texaco Inc. 19
Timken Roller Bearing Company 24-25

Union Switch & Signal Division,
Westinghouse Air Brake Company 4

Waugh Equipment Company 6

Youngstown Steel Door Company, The 22

Are Utilities Socialistic?

Electric power companies are able defenders of capitalism in their business—but what about socialism in transportation?

The privately owned electric power companies have been publishing some highly educational anti-socialist advertisements—championing their own operations against competing government-produced electric power, which is sold below its actual cost. However, when government invades the transportation business—not merely selling its services to barge transportation below cost, but giving its service away for free—some of the electric power companies seem strangely tolerant of socialism.

Can it be that the electric power companies do not oppose socialism as a matter of principle—but are against it only when it hurts them—being favorable to it when it works to their advantage? Here is a letter that an investment counselor, Robert B. Shaw, has written to the president of a leading electric utility company:

"The first sentence in a bulletin distributed along with its annual report by your company (an 'investor-owned, tax-paying company') reads as follows:

> 'A problem that increasingly concerns every American is the growing participation of the government in business through excessive regulation or direct competition with private citizens.'

"And, of course, your company is only one of numerous utilities participating in a concentrated campaign to bring this problem to the attention of all citizens.

"Your bulletin correctly points out that many government-sponsored utility projects escape all federal taxes, pay only token local taxes, and 'borrow' federal funds at a lower rate than the government itself must pay.

"These complaints are fully justified and your campaign would seem to deserve the active support of every person basically dedicated to the private enterprise system.

"But . . . . it is hard for me to understand why the utilities are always so vigorously opposed to government competition in the provision of electric energy, always so heartily in favor of it in transportation.

"I hardly see a utility report that does not refer approvingly to some scheme for new 'low-cost' transportation, to be provided by highways, harbor projects or the 'improvement' of rivers. Your own 1962 report, for example, shows a picture of the docks in your city on its inside back cover and comments that 'vital waterway commerce' is the key to the rapid growth of your area.

"These federally dredged and maintained harbors, rivers and canals are used on a tax-free basis by unregulated carriers and I cannot understand basically how this 'low-cost' transportation differs materially from the 'low-cost' energy generated by the Rural Electrification Administration and other federal schemes.

"Yes, I am still in agreement with your program to stop the waste of public money in subsidized electric power projects, but as a person somewhat identified with the only privately owned, tax-paying, fully regulated transportation agency—the railroads—you can hardly expect me to be a very enthusiastic disciple of yours.

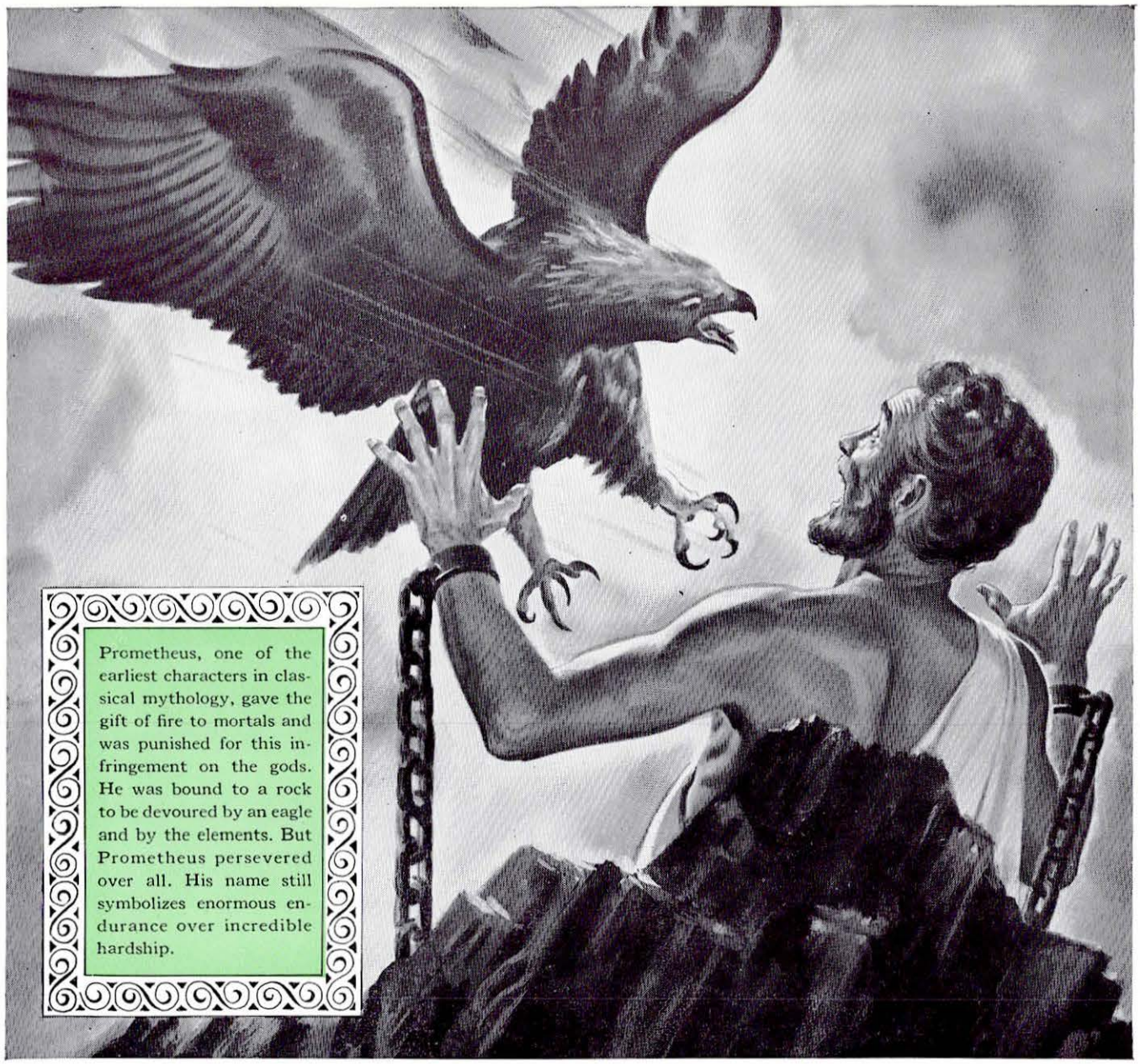
"Other persons may be similarly bewildered by the 'investor-owned, tax-paying' utilities' constant advocacy of every possible federal highway, canal and harbor dredging project. Certainly, the defenders of private enterprise are badly divided by these tactics."

It is not the electric power companies alone that are strong for "free enterprise" in their own business, but are tolerant of socialism when they happen to be on the receiving end. There are, for example, plenty of manufacturing concerns (advocates, presumably, of free enterprise in the manufacturing business) who are not so squeamish that they refuse to locate their plants where they can get electric power, in part at the taxpayers' expense, from such socialized enterprises as the Tennessee Valley Authority.

But the private electric power industry is in a class by itself—being one of the principal victims of socialized competition, and a loud and effective complainant at being thus unjustly treated. One might suppose that, at least, this particular industry would be consistent in its opposition to socialism wherever found, and in whatever form.

Perhaps, when an industry sees the government handing out the taxpayers' cash, its behavior in sheepishly accepting some of the easy money is understandable if not exactly admirable. Maybe the leaders of some of these businesses just don't know what socialism is when they see it—especially when it's to their advantage to look the other way.

But the electric power people can scarcely plead such ignorance. They certainly must read their own persuasive advertisements. And all the railroads could ask of them would be that they apply to transportation the doctrines they preach so persuasively in their advertising on behalf of their own business.



Prometheus, one of the earliest characters in classical mythology, gave the gift of fire to mortals and was punished for this infringement on the gods. He was bound to a rock to be devoured by an eagle and by the elements. But Prometheus persevered over all. His name still symbolizes enormous endurance over incredible hardship.

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